

EUROPEAN PARLIAMENT

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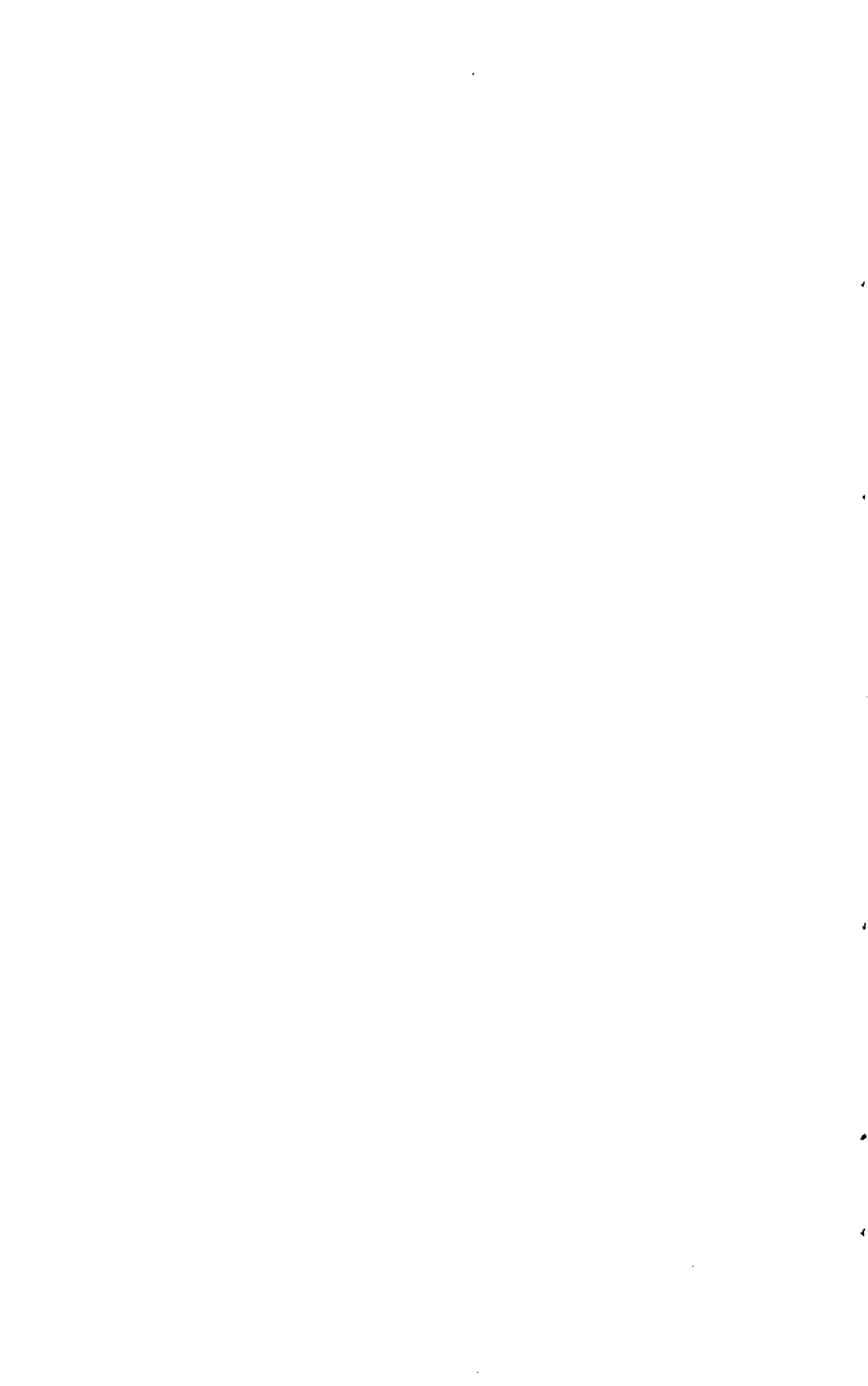
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DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

1. "Italy and Europe" Conference

An "Italy and Europe" Conference, organized by the "Luigi Einaudi" Centre of European Studies, was held in Rome from 5 to 8 May. The aims of the Centre are not only to bring home the European idea to a broader segment of the general public in Italy but also to make public opinion alive to the need for definite action in the European sphere.

In a congratulatory message to the Conference Mr. Saragat, President of the Italian Republic, expressed the hope "that the meeting of such distinguished cultural and political figures who shared the same ideal of a united and democratic Europe would represent a valuable contribution and a major step forward towards the achievement of the goal to which they aspired."

Senator Gronchi, Chairman of the Organizing Committee, recalled the fears and hopes of the post-war years, the anxious quest for peace and unity based on the conviction that war sprang from the division of peoples; the first European institutions had been born out of this concern and would ultimately be conditioned by them. The speaker then recapitulated the origins of the crisis that had followed the idealism of the pioneers of the European idea. "It is a crisis," the ex-President of the Italian Republic said, "we can no longer ignore for if it is not resolved, not only will it act as a brake in the conclusive phases of the existing institutions, reducing them to a mere free trade area, but it will also undermine the foundations of other forms of solidarity created with the United States, such as the Atlantic Pact, and thus preclude the solution of any of the defence problems connected with the multilateral force." It was necessary to take the larger view of the tasks that time had imposed upon Europe and therefore to form a clear idea of the Europe that it was intended to create. "Without being rhetorical it can be said that the peoples of this continent are looking for a new Europe which will give them a better guarantee of peace and freedom for the future. To continue in the present uncertain and dangerous mood of mutual suspicion will ultimately result in the betrayal of these hopes, the responsibility for

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which will weigh heavily."

The speaker then reviewed the various steps that Italy could take, such as discussing in Parliament draft laws for elections by universal suffrage in the united Community institutions; defending the rights of parliamentary control when the merger of the Executives was ratified; insisting on workers organizations being represented in the united Commission; making a definite attempt to reach special agreements with EFTA if a joint discussion appears impossible. Concluding his speech the former President of the Italian Republic quoted from an article written by Luigi Einaudi in 1948 in which he said that the advocates and friends of peace could be counted only among those who supported the United States of Europe and gave practical expression to the principles to which they adhered. "All the rest," Einaudi said, "is nothing but lies."

The following then took the floor: Senator Parri, Senator Santero, Mr. Cattani, Under-Secretary of State for Agriculture, Mr. Pedini, Professor Petrilli, President of the Italian Council of the European Movement, Professor Dino del Bo, President of the ECSC High Authority, and other leading figures from the world of politics and economics in Italy.

Senator Parri (Socialist) went back to the origin of the European movement outlined by Gronchi and said that a crisis was once again felt to be imminent. The lesson from that foredoomed resurgence of hope, the speaker warned, was that the European idea would ensure peace only if given effect in a spirit of open agreement between all the political parties.

Senator Santero (Christian Democrat) stated that all those who believed in the European idea regarded the European Parliament as a means by which the peoples could share in the construction of a united Europe. He pointed out that the European institutions were now going through a rationalization phase following the decision to merge the Executives and the proposal to endow the European Parliament with powers of decision in regard to the EEC's own budget and financial resources. He drew the attention of the Conference to this important series of decisions for he felt that once the EEC had its own direct revenue which was not subject to the control of national Parliaments a situation would arise where, if the European Parliament did not take over this control, the Community institutions would be inevitably moving in an anti-democratic direction. He maintained that national Parliaments should not agree to forego such powers and that they should bring pressure to bear on their Governments to have these powers transferred to the European Parliament; Senator Santero

concluded by saying that he did not share the concern felt by those who overestimated the Communist factor which was comparatively small in the European parliamentary context; in fact, the Communists might perhaps remedy the lack of any genuine opposition.

Mr. Cattani stated that the implementation of the common market should be accelerated and authority should be concentrated in a single Commission which should be endowed with as many supranational powers as possible. The speaker concluded by saying that the Treaty of Rome had represented a choice as to the way in which the political and military Europe could develop from the economic Europe; there was therefore no reason to depart from this basic strategy which did not act as a bar to, but as a stimulus for action at the level of political institutions.

Mr. Pedini, a member of the European Parliament, recognized that the construction of Europe was running into difficulties; he did not believe the Common Market was immutable, especially if it was not "revitalized". The speaker felt that this had to be done by Italy because a move by Italy would carry the other Governments forward and would, above all, impel France definitely to assume its responsibilities. "Today," Mr. Pedini added, "there is a more important problem than the direct election of members to the European Parliament and that is the powers that this Parliament should have. Europe cannot be built by the technocrats; unity has to come through the European Parliament obtaining greater powers in regard to budgets, supervision and administration." The speaker concluded by saying that the world needed Europe not as a third force with an anti-American bias but as a force for stability in the world. "To achieve this end we need to pass from vague words to action and strengthen the European institutions."

Professor Petrilli dealt in particular with the institutional machinery of European economic integration in the Community context. He pointed out that an increased co-ordination of economic policies at the Community level could make a decisive contribution to serving the purpose of a more liberal policy towards non-Member countries. He noted that the success of the Common Market had led the United States to restate the problem of European partnership in the Atlantic context; he averred that the economic integration of the Six, which had been directly encouraged at its origins by American intervention, had subsequently responded and encouraged the United States to reappraise their traditional protectionist policy. Professor Petrilli concluded his speech by saying that the new dimension acquired through integration could not be adequately controlled by the existing institutions on a reduced scale. What was required was a qualitative mutation of regional and sector economy planning which could fill the gap of popular

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participation in the life of the institutions which the integration process had directly helped to aggravate.

Mr. Del Bo, making a rapid review of the European integration from the "Schuman Declaration to the Europe of the "peoples", put the emphasis on the untoward results of the collapse of the EDC; its success would have provided a solid foundation for economic integration. He went on to talk of the problems arising from the forthcoming merger of the Executives of the three Communities, as a result of which greater prestige would be attached to the government of the European economy, but this called for a further step to be taken: merging the Communities themselves with a new treaty to supersede the three existing ones.

The Conference closed by approving a statement emphasizing the need for a European economic integration to be coupled with a supranational political structure and for Italy to take the initiative in dealing with the European problem in the following ways:

- by reaching an understanding with her other European partners as to what sort of Europe they in fact intended to build;
- by giving ever greater emphasis to the "Community" factor in the treaties on which the European institutions are based and requiring a more comprehensive application of them;
- by appointing new Italian delegates to the European Parliament as soon as possible;
- by contributing to the gradual establishment of a Europe that would be democratic in its institutions and open to the United Kingdom and the other EFTA countries - a Europe that would share responsibilities with the United States of America and give greater weight to the part played by the Council of Europe which was the most representative body on the Continent.

(Agenzia giornalistica Europa Unita - 6-8 May 1965)

2. Meeting of the National Council of the Italian Association for the Council of European local authorities

A meeting of the National Council of the Italian Association for the Council of European local authorities was held in Rome on 12 May under the chairmanship of Mr. Peyron. It was

attended by many local administrators representing the local corporations on the National Council and by representatives of the Italian Parliament and Government.

The Secretary-General of the Association, Professor Serafini, discussing the action programme of the Association at this point in Europe's history, began by saying that the serious deadlock which affected the process of supranational integration in Europe made it incumbent on all Europeans to strive to achieve the greatest development of the economic union foreshadowed by the Treaties of Rome in order, in the near future, to achieve political union.

The speaker recalled that what was in progress among the Six was not simply an encounter between States but a genuine attempt to achieve integration between national societies of a pluralist nature; he stressed that the task of the local authorities was to help to build "the new society" that ought to rise out of the integration of the various national societies. It was on this premise that Professor Serafini outlined the idea of a "European democratic front", launched last October by the "Seven States General" of the European local authorities.

Mr. Zagari, Under-Secretary of State for Foreign Affairs, said there were no short-cuts to the great goal of European unification; it could come about gradually through consistent action by those political and social forces that were aware of its fundamental importance to the solution of the major world problems. After stating that the major economic trends now at work called for democratic control and that this should be achieved through the European Parliament, Mr. Zagari concluded by saying that today, more than ever before, Italy had the opportunity of playing its part in European integration and that he was convinced that the Italian Government would not neglect this essential task.

After many speeches from the floor, the National Council of the Association concluded by approving a document in which it endorsed the political line that had been followed so far by the Association at the Italian and European levels, confirming and endorsing the document of the "Seven States General" of European Corporations and Local Authorities. (*Il Giornale del Mezzogiorno*, 13 May 1965)

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3. Statement by Professor Hallstein at the University of Bologna

On 15 May on the occasion of the tenth anniversary of the foundation of the "Bologna Center" of the Post-graduate College of International Studies of John Hopkins University, Professor Hallstein, President of the EEC Commission, who was awarded the "laureat ad honorem" took, as the subject of his address, the constitutional problems of the EEC.

In answer to a question whether the co-operation in the EEC was consistent with national interest, Professor Hallstein said that it was essential to approximate the various special interests at the European level. The original method of achieving such an approximation, stated the EEC Commission President, had lain in the "system of European States"; today, in evaluating the various European interests, it was rather a matter of working out a new type of organization i.e. integration. In the world at large, the speaker added, the Community had emerged as a new factor guaranteeing the interests of the individual within the context of the Community interest, its point of balance being in the relationship between the Community bodies.

He then dealt with the financial regulation, that is whether the Community could develop independently or whether it had to continue to live on the contributions of the Member States; he stated that any customs and economic union had to make levies and duties collected at its external frontiers available to the Community itself and guarantee an internal financial perequation. Therefore, stated the speaker, since the principles of democracy required that resources accruing to the Community should be subject to Parliamentary control, the EEC Commission had recently proposed that the powers of the European Parliament over budgets should be extended.

Professor Hallstein recalled that the principles on which any Community policy was based were democracy and loyalty to constitutional principles; he concluded: "The unification of Europe is going forward according to the precepts of law and the European Community is, in all and for all, a work of peace. Its instruments, its methods and its aims are those of peace. It is today the nucleus of a political union of Europe and any path to unity will have to go through our Community."
(Il Globo, 16 May 1965).

4. Statement by Mr. Fanfani on changing the Italian delegation to the European Parliament

On 29 May, when the Senate debated the Government mandate to enact provisions consequent on the activities of the European Community, Mr. Fanfani, Minister for Foreign Affairs, made a statement about the problem of the Italian representatives to the European Parliament.

The statement was in reply to a question put by Mr. Banfi (Socialist) who had stressed the need for the delegation to be changed to ensure that all the Italian parliamentary opinion groups were adequately represented.

Mr. Fanfani gave an assurance that the Italian Government would maintain its firm resolve to promote the gradual expansion of the powers of the European Parliament. He then said: "To ensure that the expression and application of this resolve in the appropriate quarters will not attract to the Italian Government the criticism of inconsistency, the Minister for Foreign Affairs - while not forgetting that this is a matter for the parliamentary authorities rather than for himself - calls upon the parliamentary groups to support the endeavours that will certainly be renewed by the Presidents of the two Chambers to raise the Italian delegation to the European Parliament - in regard to both the number of delegates and their representativity - to the highest possible level of efficiency and authoritativeness." (Il Popolo, 30 May 1965)

5. The "Europa-Union" Congress in Bad Godesberg

"The future of Europe is at stake." This was the warning addressed to the people of Europe at the close of the fifteenth Congress held by the German branch of "Europa-Union" in Bad Godesberg on 10 May 1965. The people of the Federal Republic were called upon to oppose nationalism in all its forms and to require of their elected MP's and those they would be electing in future to exert every effort to achieve supranational and democratic union in Europe.

The Congress warned the Federal Government and the Bundestag against any new nationalism that stemmed from a policy of national interest and that used Europe as a means to national ends. The Federal Government and Parliament were reminded that

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the Basic Law for the Federal Republic of Germany required the Government to serve world peace in a united Europe. The Basic Law embodied a specific provision to the effect that sovereign rights may be transferred to intergovernmental institutions. The "Europa-Union" was convinced that the true interests of the German people, including the re-unification of Germany, would best be served as a result of European unification. How far we had departed from the spirit ruling twenty years ago could not be obscured by any mere political union label.

Dr. Adenauer, the CDU Chairman, expressed in a letter his conviction that the unity of Europe, as embodied in the Declaration by Robert Schuman of 9 May 1950, would be achieved. Mr. Hermann Kopf, Chairman of the Foreign Policy Committee of the Bundestag and Vice-Chairman of the "Europa-Union", said that no German policy, indeed no policy of any country allied to Germany, could escape the obligation to take into account the European factor when assessing its national interest. He went on to praise the European initiative of Robert Schuman and called for wider budgetary and legislative powers for the European Parliament. The creation of institutions was not enough of itself. There had to be progress towards political union.

Mr. René Mayer, President of the French Council of the European Movement, stood out for general elections to the European Parliament. Mr. Mayer stated that the European Movement had at present to realize that if the future of the Common Market was to be really secure, the drive to political union had to be pursued. The speaker drew attention to the danger that the existing European treaties might be revised to allow for a looser form of co-operation. "It is therefore our duty," Mr. Mayer emphasized, "to make sure that any such attempt is forestalled. The creation of a united Europe is still the ultimate goal of our efforts."

Mr. Alfred Mozer, a senior official of the EEC Commission, spoke of the "historical diminution" of Europe. He said it was the business of the "Europa-Union" to make the individual countries realize the part that Europe wanted to hold and wanted to play. Mr. Mozer drew attention to the danger that might result for the remaining States if any country in Europe regressed to nationalism. The answer to this was for the other countries to make their European intentions abundantly clear.

Baron von Oppenheim, President of the "Europa-Union", said that to overcome the resurgence of nationalism that Europe was now witnessing, the conduct of the Federal Government was of decisive importance. He deplored that one of the partners that had originally taken the initiative in creating a united Europe was now seeking independence instead of integration. (Die Welt, 11 May 1965, Kölner Stadt-Anzeiger, 11 May 1965, Frankfurter Allgemeine Zeitung, 11 May 1965).

6. Meeting in Berlin of the Action Committee for the United States of Europe

The Action Committee for the United States of Europe held its twelfth session in Berlin from 8 to 9 May 1965 under the chairmanship of Mr. Jean Monnet. The Committee was at the same time celebrating the twentieth anniversary of the collapse of the Hitler régime and the fifteenth anniversary of the Schuman Plan.

Mr. Jean Monnet, Chairman of the Action Committee, recalled the assassination of President Kennedy and stated that Europe was now gradually fulfilling the conditions for an equal partnership with the U.S.A. This was necessary to ensure the solidarity of the West and maintain peace in the world. This would lead to a fundamental improvement in relations between East and West. However, peace hinged primarily on the reunification of the divided people of Germany with the European Community.

The Action Committee closed its Berlin discussions with an open session attended by Dr. Erhard, Federal Chancellor, Mr. Mende, Vice-Chancellor, Mr. Brandt, Mayor of West Berlin, and many politicians from the EEC. Mr. Pierre Pflimlin, Mayor of Strasbourg, called upon European politicians constantly to return to Berlin so that they might see that there were still millions of Europeans who were deprived of their freedom. Mr. Pleven, Chairman of the Liberal Group in the European Parliament, indicated in his speech that peace and the political unification of Europe were inseparable.

Dr. Erhard advocated pursuing the European integration for which Germany had opted after the catastrophe of 1945. It could be assumed that "the nearer problems got to the political core in the construction of the Community, the more difficult it would become to reconcile national interests and work out a common policy. There would only be decisive progress when all brought political resolve to bear on the construction of the European Community. Germany had fully endorsed the ideas of European solidarity and living in harmony with her neighbours; and it was Robert Schuman who laid the foundation stone of Franco-German friendship on 9 May 1950. "The German people today want their government," he stated, "to pursue the unification of Europe and extend economic co-operation to the political sphere." He went on to say that it had been shown twenty years ago that any overweening nationalistic power policy was doomed to fail as "pretensions to hegemony on the part of one European nation would meet with opposition from the others. Europe

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cannot be either German, French or Russian but must remain a balanced and united whole." Europe could only become strong through close co-operation, and peace, in a Europe alive to its destiny, depended upon the Atlantic partnership. For this reason Europe needed a common policy in economics, research, defence and foreign affairs. "Its organization must have its own internal balance to safeguard the individual personality of the Member States but preclude any national hegemony." The Federal Chancellor said that the business of the hour was to pursue the task in hand; this was not a matter for dreamers: it was the serious concern of realistic politicians. "The European vision must be based on reflection, determination and strength," concluded Dr. Erhard.

Mr. Willy Brandt, Mayor of West Berlin, spoke in favour of building a bridge between the EEC and EFTA, warned against the EEC becoming "encapsulated" and advocated the inclusion of the United Kingdom in a united Europe. He turned against any "national State" pressure in Europe and suggested that consideration of prestige be laid aside to avoid any further split across Europe. Every realistic possibility for relations with the East European States should be examined; "the joint growth of Europe should go hand in hand with the joint growth of the two parts of Germany."

Vice-Chancellor Mende called for a "European patriotism" and a respect for the national plurality of the European peoples. He asked the European politicians not to regard attempts made in Germany objectively to search into the German past as a resurgence of German nationalism. It was necessary to oppose the attempt by the East German authorities "to misuse the Prussian tradition in the interests of Communism". Mr. Rainer Barzel, Chairman of the CDU-CSU Group in the Bundestag, also put the case for pursuing the work of unifying Europe. He said that whoever wanted to pursue a successful policy in regard to the East had first to establish unity in the West. Hence people had to forego any "momentary advantage" in favour of greater endeavours.

The Action Committee for the United States of Europe issued the following joint declaration at the close of its twelfth session:

- "1. In holding its twelfth session in Berlin on 8 and 9 May, the Action Committee for the United States of Europe wished to commemorate the twentieth anniversary of the collapse of Hitler's hegemony and the fifteenth anniversary of the Schuman Plan designed to "substitute, for attempts at domination, in relations between European nations, the organization of their union," and thus reconcile France and

Germany. In deciding to put an end to their age-old conflicts and together to build a new Europe, Belgium, Germany, France, Italy, Luxembourg and the Netherlands freely undertook to create a European community which would remain open to the other democratic countries of Europe.

The Common Market has changed relations between countries of Europe

2. The Six countries began by pooling their resources: first the coal and steel industries and then complete sectors of the economy and the peaceful uses of atomic energy. To this end regulations were brought out that held equally for all and common institutions were set up to which the states and their Parliaments transferred powers. This procedure was quite novel. It led to Community decisions on the basis of a permanent "dialogue" between a European Commission and a Council, comprising representatives of the Governments of Member States. As Europeans became more aware of their identity and as the everyday economic questions affecting them ceased to be handled in a too narrow national context and were dealt with at the European level, this also changed their outlook on the development of their countries and of Europe. The plan of the six countries has, all in all, already yielded remarkably successful results. These find expression in the Common Market, where internal trade and production are expanding and trade in goods with the rest of the world exceeds that of the United States. The appreciable progress that has been made in the last fifteen years demonstrates that the principles of the institutional procedure and progressive development which they have led to, were the right ones. They also demonstrate that we are in the process of creating a Europe that is in tune with present day exigencies.

For Europe really to benefit from the great progress now possible through the Common Market economic integration must be pressed right home

3. The Action Committee notes with satisfaction that the institutions of the Community have already been successful in implementing a customs union, establishing an agricultural policy and in making a start on a common economic and financial policy and especially on a budgetary policy for the six States. The Action Committee advocates that a more vigorous social policy be pursued. The questions dealt with in the EEC context are assuming ever greater significance. With regard to the Community character of these questions, genuine control has been taken away from the Parliaments of the individual countries. Until the European Parliament is

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directly elected and its responsibilities increased it must try to make a more effective contribution to the life of the Community. As regards the activity of the Community institutions, the Action Committee attaches special importance to a series of measures that both amplify and are the prerequisite for the achievement of the great progress that is now possible through the Common Market in our countries. In the matter of a common economic and monetary policy the points at issue are: financing the common agricultural policy; creating independent revenues for the Community; drawing up a European set of articles of association for business enterprises; co-ordinating efforts in scientific and technical research; taking measures against restrictive trade practices; protecting the rights and job security of the worker; creating a European capital market; defining a common line on international monetary problems and elaborating a common trade policy vis-à-vis the Eastern States.

The achievement of political unity in Europe depends exclusively on the will of the Governments. Procedurally this could be quite simple. It would be enough to apply those methods that led to the establishment of the Common Market

4. The Common Market, and the basic interest which the six countries have in common and link them together, conduce to their gradual progress towards a political unity. With reference to political union in Europe, the Action Committee is alive to the current political difficulties that exist both as regards institutional forms and also as to where the emphasis should be placed in foreign policy and defence policy. The Action Committee urges the Governments to make the necessary efforts to reconcile their differences and thus allow for further progress towards unity in Europe. The Action Committee is convinced that such progress can be made, if the Governments so desire and if the institutional system were applied, gradually if necessary, to external affairs and defence, for this system has allowed the Common Market to come into being in our six countries. The Action Committee proposes that the Governments, as soon as the time is ripe - as was the case for the existing European institutions - call an inter-State conference to prepare a treaty whereby the existing system of the Common Market - suitably adjusted - could be extended to foreign and defence policy matters. Such a treaty would, after being negotiated by the States, be subject to the ratification of the Parliaments, as was the case with the treaties of Rome and Paris. As soon as the Governments had concluded this treaty and the parliaments have ratified it, the stage would have been reached when the European nations would gradually come to deal with common problems not only in the economic sphere, as is the case with the Common Market, but also in those of external

affairs and defence. Such a transitional phase is necessary if we wish to progress realistically towards establishing a new order in Europe. When the nations have thus amended their relationships, when they come to speak with a common voice on Western issues, they will be able to initiate the major discussion which should finally make it possible to define the shape of a European democratic government.

The accession of democratic countries to the economic and political union of Europe

5. The European Community must be open to the democratic countries of Europe that accept its rules, its institutions and its economic aims. The Action Committee reiterates the special importance that it attaches to the accession of the United Kingdom and that of other countries which have applied for membership of the Common Market (1).

Greater solidarity in the West, that is between the United States and Europe, is necessary

6. As the European Community consolidates its position and comes to speak with a single voice on major issues of world policy, it will be making an essential contribution to the cohesion of the West, that is of the United States and Europe. For the past twenty years the solidarity of the West has ensured the security of Western Europe. The preservation of this solidarity is necessary to the organization of a lasting and peaceful co-existence with the Soviet Union and the re-unification within the European Community of the German people, at present divided between East and West. How can any peaceful co-existence arrangement be arrived at between the USSR and the West if the United States and Europe do not pursue this end together? How can an arrangement be arrived at to re-unify the German people if Russia, Europe and the United States of America are offered insufficient guarantees?

The relationship between a Europe on the way to unity and the United States must be one of equal partnership

7. For Western solidarity to be lasting, a relationship of equal partnership must be established between the United States and Europe at the same time as the latter progresses towards unity. No equality was possible between individual countries

(1) See para. I, 3 and 4 of the Statement made by the Action Committee on 1 June 1964.

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of Europe and the United States. It only becomes possible in those spheres where the Common Market has already taken shape. In the Kennedy Round negotiations, Europe is discussing trade questions with the United States on an equal footing because of the existence of the Common Market. The Action Committee therefore again calls for a liaison Committee to be set up between European Community institutions and the United States Government. The function of this Committee would be to do the groundwork for decisions that have to be taken jointly by the European institutions and the United States Government on matters of common interest: trade, the international monetary organization, balance of payments trends and American investment. The Community should furthermore collaborate with the United States in an attempt to solve major industrial problems. The Community should also study, particularly with the EFTA countries and Japan, matters of common interest.

8. In the sphere of defence and external relations it is also essential that the bilateral relations between individual European countries and the United States be consolidated in the form of a relationship between equal partners, between Europe and the United States. For this purpose, a method should gradually be worked out for discussions between the two distinct but equally powerful entities, each of which assumes its share of joint responsibilities towards the world at large as specified by the Action Committee in its resolution of June 1962. The security of the free world can only be guaranteed within the framework of the Atlantic Alliance. As things are at present it is impossible to create an equal partnership between the United States of America and Europe in the nuclear sphere but the Committee believes that the countries of Europe and the United States of America should together work out how they can progress by joint action and in successive stages to a situation in which major decisions are taken jointly and burdens shared. In this way the Atlantic Alliance will be strengthened as this is essential to preserve the balance of power and maintain a lasting co-existence between East and West and a gradual and genuine disarmament.

Permanent and peaceful co-existence between West and East and the re-unification of Germany within the European Community

9. As the European Community progresses and organizes its partnership with the United States on a basis of equality, the form of relations between East and West changes. Through its common regulations and institutions, the Community provides a guarantee against unilateral action. It opens the way to a fundamental improvement in relations between

Western and Eastern Europe. Such changes should gradually lead between the West - i.e. the United States and the incipiently united Europe - and the Soviet Union and other countries of Eastern Europe, to the organization of consultations where they could together assess the future and solve those problems whose solution is essential to world peace. The Committee is aware of the many difficulties that have to be overcome each day in organizing the European Community, in establishing a relationship of equal partnership with the United States of America and, finally, in pursuing the organization of peaceful co-existence with Russia and in re-unifying Germany within the European Community. As present conflicts show - particularly in Vietnam - world peace does not depend solely on organizing a lasting co-existence between the West and the Soviet Union. Yet together they have the largest armouries and production apparatus on earth. A climate of peace between them will make it possible and easier for other parts of the world to progress towards peace."

(Frankfurter Allgemeine Zeitung, 10 May 1965; Neue Zürcher Zeitung, 10 May 1965; Die Welt, 10 May 1965; Le Monde, 11 May 1965)

7. Attitude of the Free Democrat Party towards de Gaulle's East European policy

Mr. von Kühlmann-Stumm, leader of the Free Democrat Party in the Bundestag, explained in a party press release that the new East European policy of de Gaulle, which the General had initiated without consulting his partners, could only lead to further tensions within the Western Alliance. It would indeed be beneficial if France used her traditional good relations with Eastern Europe in pursuing a policy that would reduce tension. Yet the Franco-Soviet agreement on the common use of the French colour television system, entered into without regard for German interests, demonstrated that these methods were in urgent need of revision. Mr. von Kühlmann-Stumm went on to say that relations between the Federal Republic and the United States should not be weakened nor could it be in Germany's interest to witness the dissolution of NATO. "Where the French endeavours to create a "European Europe" in the sphere of defence would lead to, could be clearly seen from present developments in the SEATO Alliance."

A rather different view was taken by Dr. Mende, Chairman of the Free Democrat Party, at the Annual General Meeting of FDP of North Rhine-Westphalia in Solingen (24 to 25 April 1965). Dr. Mende stated that his party endorsed de Gaulle's Eastern European policy, believing that it would lead to a "Europeanization" of the German question and hence provide the possibility

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of a solution. Dr. Mende stated that the German question could only be solved in the European context and that, consequently, relations between Germany and the Soviet Union and other Eastern European countries had to be improved.

On the same occasion, Mr. Weyer, the North Rhine-Westphalia FDP member, advocated abandoning the Hallstein doctrine which he described as a "monument of a bygone age". Mr. Weyer also advocated a complete normalization of diplomatic relations with Eastern Europe and the People's Republic of China. He said: "The People's Republic of China cannot be treated indefinitely as a blank spot on the world map." Mr. Weyer seconded Dr. Mende in supporting de Gaulle's Eastern European policy and advocated a policy of gradualism. Dr. Mende said that this must go to the limit of a de facto recognition of East Germany. (Frankfurter Allgemeine Zeitung, 23 April 1965; Kölner Stadt-Anzeiger, 26 April 1965)

8. "The EEC is too small" - Mr. H.J. Abs, the president of the "Deutsche Bank"

In a newspaper article Mr. Hermann J. Abs, the president of the "Deutsche Bank", expressed his views on the political and economic problems of Europe.

Mr. Abs felt that outsiders would probably be surprised that a banker and, hence, an economist, should also concern himself with political questions. He referred to the interdependence of economic and political problems and stressed that economic policy was rooted in politics or that it was at least a variant of politics.

Mr. Abs said he was resigned to the flagging enthusiasm for a European integration policy. The creation of the EEC had indeed been a step forward, but the question now was how should it proceed in future, especially in regard to European integration. "The experience of the EEC has shown us all the merits of co-operation. As the significance of national frontiers has diminished and as trade has flowed more freely across frontiers, so too have the chances improved for a further expansion of our economy and industry."

The most important economic grouping in Western Europe was without doubt the EEC but its one drawback was that the United Kingdom did not belong to it. It would certainly be interesting to ascertain where the origins of the breakdown in the talks

lay, but the fact remained that the United Kingdom was still outside. We should not, however, be deterred from exploring new ways to facilitate a rapprochement between the United Kingdom and Western Europe. "The United Kingdom needs us and we need the United Kingdom - a little reflection would readily show to what extent," were Mr. Abs's own words. He had gained the assurance during personal discussions that the United Kingdom had not given up despite a number of setbacks and was concerned to build a better future. Neither the Commonwealth nor EFTA held out such a prospect. They were both too heterogeneous to serve as the foundation for a strong political group. Defence problems, moreover, could not be overlooked by either group. Hence the United Kingdom needed "a new political and economic outlook". The United Kingdom had made one attempt after another with a view to a political rapprochement with Western Europe. Mr. Abs was referring here to the efforts made by the Conservatives and certain Labour politicians, especially Mr. Patrick Gordon Walker and Mr. Michael Stewart. He argued in favour of the accession of the United Kingdom to the EEC since "the United Kingdom can only guarantee the dynamism and strength of its economy in the long term if the Common Market is fully open to her."

An effort was currently being made to work out a common line in the political, military and economic fields, which to some extent overlapped; indeed, Mr. Abs suggested, the more one tried separating them from each other the greater was the danger of failure in each of the three sectors. A common foreign policy without a common approach to defence questions would make little sense; similarly economic developments ought not to be examined in isolation.

The Community would become a genuine Community when it embraced all three fields. The treaty of friendship with France was to be welcomed but it was only a bilateral relationship; Europe needed wider-ranging integration and, said Mr. Abs, "the EEC in itself is still too small in scope." Only the accession of the United Kingdom could satisfy the deeply-felt need, of which General de Gaulle had said that it was one "which filled each of them in view of their relatively diminished stature in relation to the great powers and the feeling that they could together again become great in a manner to which they had become accustomed and which was consistent with their centuries-old genius."

Mr. Abs recommended that the Western European Union which comprised the United Kingdom and the EEC States should be used as a platform on which the greater Europe could be created. He stressed the significance of the WEU agreement as a "treaty on economic, social and cultural co-operation and on collective defence". While, to begin with, defence problems had loomed

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largest, the WEU had developed into an institution providing the setting for exchanges of views between the United Kingdom and the Six. Mr. Abs considered the WEU to be the appropriate setting for achieving a rapprochement between the United Kingdom and the EEC. "The machinery is there, he said, and so too are facilities for discussions; it now remains for us all to make the most of the opportunities it provides." (Die Zeit, 30 April 1965)

II. ECONOMIC POLICY AND ECONOMIC SECTORS

1. The Common Agricultural Market

The work of building up the European Economic Community loomed large in the deliberations of the Standing Committee of the Permanent Assembly of Chairmen of Chambers of Agriculture, when it met on 4 May 1965. The Committee expressed its satisfaction at the way the voting had gone on the Agricultural Committee of the European Parliament and at the plenary session of the Economic and Social Committee on opinions which largely followed the lines of proposals made by the European Committee further to organize the fruit and vegetable market.

The Committee hoped that it would soon be possible to introduce machinery to shield European fruit and vegetable production against world market fluctuations. The conditions under which world market prices were at present set were also discussed with particular reference to vegetable fats and cereals, since the Community was now drawing up a regulation on fats and GATT was studying an arrangement proposed by the EEC concerning cereals. It trusted that the EEC would play its part in organizing a world agricultural market, subject to other parties' reciprocating; but it felt that the *raison d'être* of the Community in regard to agriculture lay in achieving its own economic and social progress for farmers, farm labourers and their families. (Press release from the Standing Committee of the Permanent Assembly of Chambers of Agricultural Chairmen)

2. Meeting of the EEC Finance Ministers

The EEC Finance Ministers met in Cannes on 3 and 4 May 1965 under the chairmanship of Mr. Giscard d'Estaing. At the close of the meeting Mr. Giscard d'Estaing confirmed:

- 1) that the Six had agreed to co-operate, within the Group of Ten, in giving support to sterling through the International Monetary Fund in the near future; under this arrangement the United Kingdom will draw \$1400m;
- 2) that gold would play a greater part in this operation. The International Monetary Fund would have to draw \$350m on its gold reserves;

- 3) that the Ministers had come out in favour of renewing the additional International Monetary Fund loan agreement due to expire on 24 October 1966, provided the international monetary system were reviewed;
- 4) that the six Finance Ministers would meet again in Stresa (Italy) on 19-20 July to discuss monetary problems, and in particular a reform of the monetary system, prior to the annual ministerial meeting of the International Monetary Fund which is to be held in Washington.

The Ministers also deliberated on the approximation of indirect taxes, with the exception of the added value tax, viz. excise duties (petrol, tobacco, alcohol, etc.).

The French newspaper "Le Monde" took the view that despite their agreement to support the United Kingdom, the Six were not without misgivings about the adequacy of the measures taken by the British Government to defend the pound and, in particular, to reduce domestic demand.

The Finance Ministers asked the EEC Commission to consider bringing certain consumer taxes within the scope of the added value tax, viz: those on products that came within the production cycle, such as oil as a source of energy, fats and sugar.

Writing about this meeting in "Le Monde", Mr. P. Drouin stressed that as aid for the United Kingdom in support of sterling came up for renewal, France had succeeded in winning its Common Market partners over to its concern to bring pressure on the United States for an early reform of the international monetary system: gold would play a bigger part in the International Monetary Fund loan to the United Kingdom and the "general borrowing agreements", under which the ten undertook to loan up to \$6000m to the International Monetary Fund, would only be renewed if the international payments system were revised.

Mr. Drouin went on to say that France's partners, in endorsing her views, had clearly demonstrated that they wanted the international monetary system tightened up.

Gold would play a bigger part in the forthcoming loan to the United Kingdom from the International Monetary Fund. Mr. Giscard d'Estaing explained that at the request of the Six the proportion of gold would be over 25 per cent, i.e. \$350m and might be as high as 33 per cent, i.e. \$460m. At the same time, the proportion of currency in the aid extended by the Six would be reduced and the currency playing the biggest part would be the Mark and then the Franc; the dollar would come after these two.

The renewal of the agreements by the Ten to make loans to the International Monetary Fund was contingent upon a reform of the international monetary system. These agreements became final once the governments involved had approved them on 24 October 1962; they expire at twelve months' notice on 24 October 1966. A decision must therefore be taken before 24 October 1965.

The six Finance Ministers will meet in Stresa on 19 and 20 July to align their views, prior to the annual general meeting of the International Monetary Fund which will be held in September as usual.

Mr. Drouin went on to say that the intention of the Six had been to demonstrate that it was no longer enough to make long "off-the-cuff" speeches deploring the shortcomings and loopholes in the present arrangements for international settlements. There was still a long way to go before the bases of an agreement could be found on how this reform should be carried out.

Reports on the work of the "Ossola Group" (consisting of experts studying the possibilities of grouping reserves no longer subject to balance of payment fluctuations in "key currency" countries) give little ground for optimism. The French view that there should be limited but concerted recourse to additional currencies (collective reserve units), is still vigorously opposed by the United States.

France, like its Common Market partners, knows that the best opportunity successfully to revise the system is during a calm period. Sterling is going through such a lull and the American balance of payments situation is less unfavourable; together these constitute the right kind of favourable circumstance. (Le Monde, 5-6 May 1965)

3. The directives on the right of establishment in agriculture as implemented in France

Mr. Deniau (UNR) addressed three written questions to the Minister for Agriculture on the application of the EEC Council directives on the right of establishment in agriculture (access to non-wage earning activities in agriculture, establishment on abandoned and uncultivated farms) and on the effect they were having.

Economic policy and economic sectors

In reply the Minister for Agriculture gave the following information:

A. Access to non-wage earning activities in agriculture for wage earning workers who have followed this occupation within the territory of a Member State for two years

1. From 3 October 1963 (the date when the provisions in question were implemented) to 31 December 1964, the number of foreign nationals from other EEC Member States who became established in France in pursuance of Directive No. 63,261 of 2 April 1963 and who had worked as farm labourers in France for two years continuously was 117: 6 Germans, 24 Belgians, 75 Italians and 12 Dutchmen.
2. The total area of farms taken over between 3 October 1963 and 31 December 1964 by EEC nationals under the directive mentioned was 2,628 hectares.
3. The breakdown into type and area of farms taken over during this period was:

	<u>No. of farms taken over</u>	<u>Area taken over (hectares)</u>
Landlords	24	522.5
Farmers	68	1,652
Tenant farmers	20	334.5
Various	5	119

4. In pursuance of the terms of Article 6 of the Order of 10 October 1963 any foreign national from an EEC Member State wishing to settle down in France in pursuance of the directive in question must two months before doing so inform the director for farming in the département where the farm is situated, of his intention. The latter may refuse to allow such establishment if he considers that the applicant does not fulfil the conditions laid down, or if he has engaged in sharp practice.

B. Establishment on abandoned or uncultivated land

1. Between 3 October 1963 (the date when the provisions were implemented) to 31 December 1964, the number of foreign nationals settling in France on abandoned or uncultivated farms in pursuance of directive No. 63,262 of 2 April 1963 was 23: 2 Germans, 7 Belgians, 13 Italians and 1 Dutchman.

2. The total area of abandoned or uncultivated farms taken over during the same period by the 23 EEC nationals was 600 hectares.

3. The breakdown into type and into area of farm was:

	<u>No. of farms</u> <u>taken over</u>	<u>Area taken over</u> <u>(hectares)</u>
Landlords	16	287
Farmers	6	292
Tenant farmers	1	21

With reference to this same directive, Mr. Deniau asked the Minister for Agriculture for the following details:

1. what administrative, technical and social assistance is lent by other EEC Member States to their nationals settling down in France;
2. what control machinery is employed by the French Government to ensure that this administrative, technical and social assistance is not a cover for direct or indirect aid;
3. what measures have been taken by the Ministry to ensure that the greater financial resources of farmers from other Member States does not impair the conditions under which they become established in France;
4. what appeal may be made to the Community and what measures can the Community take to remedy this anomaly which may be prejudicial to French farmers.

In reply the Minister stated that the EEC Commission had undertaken a study to establish which, in the various countries, were the bodies able to provide administrative, technical and social assistance under the conditions laid down in Article 6, paragraph 2 of directive No. 63,262 of 2 April 1963.

The decree of 10 October 1963 which put into application the provisions that had been incorporated in the directive at the request of France, laid down that a statement had to be made to the authorities by the beneficiaries of this directive (not less than two months before their establishment). This

statement should make it possible to ascertain if such foreigners fulfilled the conditions laid down in the Order. It was furthermore very unlikely that when uncultivated or abandoned farms were taken over that direct or indirect aid liable to impair the conditions of establishment would be forthcoming; in pursuance of Articles 169 and 170 of the Treaty of Rome, the Commission or any Member State which considers that another Member State has failed to fulfil any of its obligations under this Treaty and in particular, Article 54, h, may refer the matter to the Court of Justice.

In a fourth question addressed to the Minister for Agriculture Mr. Deniau asked for details on the application of the decree of 10 October 1963, prohibiting foreign nationals that have settled on uncultivated or abandoned farms to take over another farm that is neither uncultivated nor abandoned without prior authorization.

The Minister for Agriculture replied that Article 3 of the above-mentioned decree, required EEC nationals established on an abandoned or uncultivated farm and wishing to move to another to obtain authorization in pursuance of Article 1. The director for agriculture took his decision by reference mainly to the tension on the farms market in his département and to the personal position of the applicant (and in particular, the length of his stay in France and the nationality of his wife and children). The applicant furthermore remained subject to the plurality regulations in the event of his wanting to add one or several farms to the one that he was running in pursuance of the directive in question. No request to change farms has been brought to the notice of the Minister for Agriculture as regards the beneficiaries of this directive, bearing in mind that it came into effect only recently. (Official Gazette, French National Assembly debates, 27 May 1965)

4. Italian Agriculture and European Integration

On 25 May, at the close of a series of fact-finding meetings between representatives of Italian agriculture and senior officials of the EEC Commission, Dr. Gaetani, Chairman of "Confagricoltura" made a statement on the position of Italian farmers in relation to the EEC agricultural policy.

Dr. Gaetani stated in particular that Italian farmers were ready to face up to the difficulties and imbalances that integration in the Community had brought about in Italian agriculture, at least in the early stages, provided that integration

were implemented in full as indeed the Treaty of Rome required. Italian farmers, added Dr. Gaetani, were not asking for preferential treatment but they could not tolerate any undue disparities being created or aggravated as a result of Community policy.

"The Treaty of Rome," concluded Dr. Gaetani, "emerged as a premise for political integration which now seems to be marking time. The farmers had accepted heavy sacrifices in anticipation of political integration and if this failed, or took too long, it would inevitably jeopardize economic integration inasmuch as in agriculture in particular a great deal was done in response to idealist movements which transcended economic profit." (24 Ore, 26 May 1965)

5. The president of the German Federation for Trade and Industry discusses integration policy

At the Annual General Meeting of the German Chamber of Commerce and Industry in Kassel, Dr. Ernst Schneider, President of the German Federation for Trade and Industry, argued that a new impetus had to be given to the process of European integration, whose concern was not merely the elimination of trade restrictions. The Community policy pursuant to the EEC Treaty should not be confined to eliminating customs restrictions. Dr. Schneider described it as particularly critical that the EEC had neither the common wherewithal nor a common approach to trade policy; a particular difficulty was the lack of any approximation on fiscal policy.

Dr. Schneider felt that pessimism was not called for with regard to further endeavours towards European integration. Every clear-headed economist was convinced that the real difficulties in the Common Market would begin to appear after the internal customs walls had fallen. The fact that a twelve year transitional period had been decided upon implied that the aims already laid down had to be achieved in the remaining five years. "Unfortunately, I often have the feeling," Dr. Schneider emphasized, "that neither the Federal Government in its integration policy nor wider sections of the population, especially the medium-sized businesses in Germany take sufficient account in their business policy of the measures implicit in the tasks that lay ahead of us." (DIHT-Informationen für Presse und Rundfunk, 18/65, 30 April 1965)

6. Latin America Day at the Hannover Fair

On the Latin American Day at the Hannover Fair, Mr. Alwin Münchmeyer, Chairman of the EEC Chambers of Commerce, stated that the EEC Member States should direct their attention to the future pattern of their trade relations with Latin America. The balance of trade had developed to the benefit of Latin America and "in the long run no market for industrial goods could be hedged round with preferences, for any benefit gained therefrom would only be temporary." It was moreover not the business of those who bought raw materials from Latin American countries to concern themselves with the balance of Latin American budgets. This had to be achieved through better taxation systems which were not geared to export duties.

Mr. Münchmeyer advocated caution about the possibility of association with the EEC and suggested that it would be preferable to achieve the same effect as an association through a general reduction or elimination of customs duties. He advocated a consultation agreement between the countries of the EEC and Latin America, for this would provide an instrument for dealing with trade disputes; Mr. Münchmeyer further called for greater freedom of movement for South American businessmen in matters of investment and trade in goods.

Dr. Paul Krebs, General Agent of the Deutsche Bank, called for more initiative on the part of private enterprise in South America since this would be a more potent factor for stability than the constantly changing governments. He referred here to the success achieved by the Adela Investment Co., a multi-national organization founded in 1964 and incorporating some two hundred firms in Europe, the United States of America, Canada and Japan. This organization provides the initial stimulus to trade by subscribing to shares in South American concerns backed by local capital.

Dr. Alberto Camargo, former President of Colombia, stated in a discussion held on the occasion of the Hannover Fair that the creation of a common market was the only sensible solution to the economic integration of Latin America. This plan was outlined in an appeal addressed to the Latin American ambassadors in Mexico on 12 April 1965. Dr. Camargo pointed out that this plan differed from earlier attempts in that it advocated a market embracing the whole of Latin America. With regard to the institutional arrangements to be made, there was still no concrete plan, but the EEC would probably be taken as a pattern.

The former President considered it significant that this new plan would be popular in South America since it provided for the gradual elimination of customs duties between Latin American States "which would bring about international competition within Latin America". South American businessmen had to adjust to the rules of competition, to manufacture better and more cheaply as this would mean cheaper industrial products and a lower cost of living for the people of Latin America.

Dr. Alberto Camargo further stated in an interview with "VWD" that the establishment of a common market would be conducive to a change in South American trade policy. The same would apply to industrial planning since it would not be geared to the domestic market but to the world at large.

The idea of a common market was a sound one in view of what implied. Dr. Camargo considered that a Latin American market could be established in ten to fifteen years. In this connexion, he reiterated the appeal he made on 28 April 1965 to European businessmen to play their part in strengthening the Latin American market through their investments, for once it had been established it would certainly attract sufficient international finance.

III. EXTERNAL RELATIONS

1. Ministerial Meeting of the EFTA Council

The EFTA Council met at Ministerial level in Vienna on 24 May 1965. Dr. Fritz Bock, Austrian Minister for Trade and Reconstruction, was in the Chair.

Ministers examined the situation as it exists today in Europe, after five years of successful development of EFTA. They discussed the likely consequences for Europe of the deepening division resulting from the continued separate evolution of EFTA and EEC. A heavy responsibility rested on Governments to seek to ensure closer co-operation between EFTA and EEC and to pursue such policies as would promote to the greatest extent possible the growth of trade, the expansion of their economies and the welfare of all the peoples of Western Europe.

Ministers considered that a hardening of the division could only be arrested by new initiatives. They firmly believed that steps could and should be taken to bring about closer and more continuous contact between the two groups, in order to facilitate the removal of trade barriers and the promotion of closer economic co-operation in Europe, which are the fundamental objectives of EFTA. They agreed that it would be desirable to seek to arrange meetings at Ministerial level between the two groups at the earliest opportunity which offered prospects of a fruitful result.

Ministers therefore decided that the Council should be charged with the task of recommending what procedural arrangements might best facilitate contacts between EFTA and EEC, and what substantive issues of policy might be the subjects of discussion between them; and that this report should be submitted to the Ministerial Council of EFTA at its meeting in Copenhagen in October with a view to a meeting between EFTA and the EEC as soon as possible thereafter.

Ministers then considered a number of substantive ideas for increasing and strengthening co-operation between EFTA and the EEC, and for co-ordinating where practicable their policies in relation to developments of special economic concern to the two groups. These ideas include possible ways of reducing obstructions to freer trade between the two groups, functional collaboration in fields of research and development and the harmonization throughout Europe of regulations and standards important for the manufacture and movement of goods.

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Ministers again stressed the paramount importance they attach to a successful outcome to the Kennedy Round as the principal means for the lowering of barriers to trade, both world-wide and in Europe; they confirmed the intention of all the Member countries of EFTA to continue to work towards its success. Furthermore, Ministers stressed their determination to co-operate with the United Nations Conference on Trade and Development.

Ministers reaffirmed their determination to intensify co-operation within EFTA, in order to ensure the prosperity of its own Members and to offer the best prospect of achieving a satisfactory basis for closer collaboration between the Association and the European Economic Community. The transitional period of the Association would end in a year and a half. They agreed that Member countries should ensure that all necessary action was in train to secure that the Association would function to the fullest advantage of all of them, when the stage of full freedom of trade provided for in the Convention was reached.

Ministers made it clear that a vital step in the consolidation of EFTA was the elimination of the United Kingdom import charge. They noted the continued strengthening of the balance of payments of the United Kingdom, and welcomed the statement of the British Prime Minister that the surcharge would be removed as soon as possible.

The Joint Council of EFTA and Finland met in Vienna at Ministerial level on 25 May 1965. Mr. Johannes Virolainen, Prime Minister of Finland, stated that Finland agreed to associate herself with the decisions on studies of possible fields of intensified co-operation within EFTA taken by the EFTA Council on 24 May. Finland would play a full part, as an associate, in these studies.

The Joint Council discussed European co-operation in patent matters. The Joint Council considers that, both for economic and technical reasons, it is necessary to establish closer co-operation among European countries in the field of patents. It would welcome the opening of negotiations with the purpose of concluding a general convention centralizing procedures for the granting of patents. It noted the work done by the EEC countries in preparing a draft European patent convention, and considers that the general framework of the draft constitutes a suitable basis for discussion of a broad international scheme. It decided therefore to establish a working group with instructions to examine the whole of the problem and to present proposals taking into account current developments.

The French newspaper "Le Monde" commented as follows on the EFTA Ministerial meeting : "In connexion with the main political subject discussed at the Vienna meeting, namely the possibility of a rapprochement between the Six and the Seven, observers point out that the EFTA Council had approved the principle of an inter-governmental conference between the EEC countries and those in EFTA but that it had sent no formal invitation to the EEC States to organize such a meeting at this time. This was actually requested by the Swiss and Austrian representatives. For Switzerland, Mr. Schaffner stressed that in no event should any action by EFTA be such as to increase the domestic difficulties of the EEC.

It should be emphasized that Mr. Wilson, British Prime Minister, anticipated the wishes of his colleagues and endorsed their reservations. This represented a notable change as compared with the position a few weeks ago.

The proposed meeting could in no circumstance take place before the abolition of the British import surcharge. Switzerland made this condition, a logical one if the subject of the future talks was to be "economic prosperity" in Europe. Hence it is not felt that the "rapprochement" can take concrete form before 1966 at the earliest.

It should be added that there can be no question of tariff negotiations between the Six and the Seven outside the GATT context. (EFTA Press Releases of 24 and 25 May 1965; Le Monde, 27 May 1965)

2. The neutral status of Austria

On the occasion of the tenth anniversary of the signature of the Austrian State Treaty, Mr. Kreisky, Foreign Minister, gave an interview in which he dealt principally with the neutralist policy of his country.

Mr. Kreisky spoke of the "Austrian variation on neutralist policy" that stood midway between the constitutional form of neutrality in Switzerland and the unaligned policy of Sweden. The attitude of Switzerland and Sweden to Austrian neutrality had been a great help to Austria. "We have for example together been able to work out individual principles for a rapprochement with the EEC."

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As to the weight that Austrian neutrality carried in central Europe the Foreign Minister stated: "Neutrality has enabled us to pursue a foreign policy that has made central Europe increasingly an area of stability and political calm. Our relations with countries in east and west Europe can be described as absolutely normal. Neutrality has led to our becoming, to an increasing extent, a meeting place in international politics." In this connexion, Mr. Kreisky recalled the meeting of June 1961 between Kennedy and Khrushchev.

The Austrian Foreign Minister described the experience of his country in pursuing a neutralist policy as "an unqualified success." The first test of Austrian neutrality had come as a result of events in Hungary in 1956 when Austria gave asylum to 200,000 Hungarian refugees. "Our ability to stand up to this test was due in no small measure to the attitude then taken by the leaders in the Kremlin - Khrushchev and Mikoyan - and this illustrates the validity of the Austrian line on co-existence."

The question of an arrangement with the EEC was not in fact a test but it was a serious problem. "We need free access to the Common Market for our exports, yet we can only sign a treaty that is consistent with our neutrality" stated the Minister. It was particularly difficult for a neutral state to accept supranationality and majority decisions. Austria was therefore looking for a treaty "sui generis", that is a treaty that could not serve as a model elsewhere.

As to the future of Austrian neutrality, Mr. Kreisky pointed out that Austria pursued no goal which she was not in a position to attain. "Yet we know that we can only play a useful part in central Europe if we follow a course that is recognized in Switzerland as consistent with the principles of neutrality and solidarity." (Neue Zürcher Zeitung, 13 April 1965; Die Welt, 13 April 1965)

3. International Socialist meeting at Chequers

At Chequers on 25 April 1965 a meeting of the Socialist International was held under the chairmanship of Mr. Harold Wilson, British Prime Minister. Among those taking part were: Mr. Erlander and Mr. Krag, Scandinavian Prime Ministers, Mr. Brandt, Mayor of West Berlin, Mr. Guy Mollet and Mr. Gaston Defferre, the French socialists, Mr. Pittermann, the Austrian Vice-Chancellor, Mr. Tremelloni, Italian Finance Minister, Mr. Anne Vondeling, from the Netherlands, Mr. Henri Fayat, Belgian Deputy-Foreign Minister, and Mr. Fritz Grütter and Mr. Walther Bringolf from Switzerland.

The focal point of the Chequers meeting was a debate on European affairs. The majority of the Socialist politicians taking part in this meeting - where the emphasis was national rather than international policy - expressed their conviction that a modus vivendi between the EEC and EFTA had to be worked out. In subsequent press releases, this received particularly strong support from the Danes. The Scandinavians, British, Germans and Austrians had special discussions on this subject. Following the Chequers talks, it was also indicated that the fact that the EFTA session in Vienna was to be an EFTA summit meeting was due largely to the wish of Mr. Harold Wilson. A few days later Lord Longford, Lord Privy Seal, emphasized that the EFTA conference in Vienna, in which the possibility of building a bridge between the EEC and EFTA was to be explored, would not be an ordinary ministerial meeting but would bring together the Prime Ministers of the Free Trade Area. On 25 April 1965, the British Prime Minister had stated at a trade union conference that a new initiative in the sphere of economic co-operation in Europe was being considered. This was to be one of the results of the Chequers meeting.

Upon his return Mr. Brandt explained to the German press that there had been a change of climate in the United Kingdom on European questions. Yet there was still no inclination on the part of British socialists towards political integration. But there had been a change of circumstance since the time of Gaitskell. Mr. Brandt added that the Rome treaties themselves were a lesser obstacle than the developments that had followed them. "There should be some understanding for Mr. Wilson's argument that he cannot speak for EFTA but that the United Kingdom must chart its course in collaboration with its EFTA partners."

In an interview which he gave to the liberal Stockholm daily "Dagens Nyheter", Mr. Erlander, Swedish Prime Minister, stated that much had been said at the Chequers talks about discussing the creation of a customs union between the EFTA and the EEC States at the EFTA conference in Vienna. The initiative for this had stemmed largely from the British and the Danes. What remained to be debated in Vienna was not so much political co-operation between the States in the two trading blocs but a quite different approach to the creation of a bridge. It was further implicit in the statements made by Mr. Erlander that the position of the United Kingdom and its attitude towards the EEC remained unchanged. The conditions for British accession to the EEC were still the same but a new situation had to some extent arisen, for both the EFTA and the EEC had been successful in their own ways. One had to be aware of the danger that the present situation might gradually come to be accepted when it was in fact both politically and economically highly critical. Mr. Erlander added that for this reason there was a great deal

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of discussion at Chequers as to whether, despite the trading restrictions dividing Europe and the fact that the basic situation remained unchanged, it might be possible to work out a better order. (Neue Zürcher Zeitung, 26 and 28 April 1965, Frankfurter Allgemeine Zeitung, 26 and 30 April 1965 and 1 May 1965, Kölner Stadt-Anzeiger, 26 April 1965)

P a r t II

PARLIAMENTARY ACTIVITIES

I. EUROPEAN PARLIAMENT

Session of 10-14 May 1965 in Strasbourg

1. Trade policy with regard to the State-trading countries

At its session of 10 May the Parliament discussed questions of common trade policy affecting relations between the Community and State-trading countries; the basis for the discussion was a report by Mr. Löhr submitted on behalf of the External Trade Committee. The Committee's survey began with a general review of current trade between the European Community and the State-trading countries. The volume of this trade was not very large except for certain products. It was dependent on two economic factors: the dearth of goods and plans for economic expansion.

There was yet a further impediment to trade development with State-trading countries, namely their currency shortage. This accounted for the fact that their trade agreements were bilateral and operated on a barter basis for goods of more or less equal value. One obstacle to product exports from the Eastern bloc countries is that under the free economic system of Western countries there is no guaranteed market for the former. Conversely, the State-trading countries effect imports through external trade monopolies which enjoy a very strong position; furthermore, the fact that cost prices are not known could enable these monopolies to practise dumping on the export market.

The Committee felt that until the Eastern bloc countries became more highly developed it would be difficult to expand trade with them to any appreciable extent. Expanding trade with these countries was thus far more dependent on economic than on political requirements.

The Committee then drew attention to the way in which the State-trading countries had changed their attitude towards the EEC since its foundation. They began by predicting that the Community would collapse; today their appraisal was more realistic. The Committee pointed out however that, in order to preserve the bilateral character of their relations with the Eastern bloc countries, the Six had neglected to consult each other. The Committee urged that the letter of the treaties be complied with more closely and drew attention to three significant decisions taken to this end which required that:

- a) future trade agreements should incorporate an "EEC clause" which, at the end of the transitional period, would allow the Community to take over the rights of the signatory state;
- b) the period for which trade agreements were concluded should not extend beyond the end of the transitional period and that before 1 January 1966 the EEC Commission should examine all agreements in force to ascertain whether they are likely to prove an obstacle to the future trade policy;
- c) agricultural quotas in force on 24 January 1963 be replaced by assessed amounts somewhere between 100 and 120 per cent of the average imports in 1960 and 1961.

Some restrictions were necessary to protect the Community against any undue increase in certain imports. In support of this view, the Committee quoted the arrangements made in recent years on the coal and steel market: in 1962-1963, the Governments of the six States had made an agreement restricting imports of pig-iron and steel from the State-trading countries; through a quota and mutual consultation system and with the participation of the High Authority, the Member States had worked out a Community trade policy in this field. On the other hand it had not proved possible to introduce a common policy on coal imports. The Committee felt that until the merger of the Communities allowed for a common trade policy embracing every sphere, greater co-ordination was imperative.

By its decision of 25 September 1962 the Council of Ministers, acting on an EEC Commission proposal, laid down an Action Programme in respect of common trade policy; the Council advocated standardizing the various trade arrangements during the transitional period; this would mean approximating the quota lists and the liberalization measures applied by the Member States.

In February 1964, the Commission submitted three proposals to the Council for co-ordinating the attitude of Member States on relations with the State-trading countries. Only one of these proposals - which were broadly speaking intended to further the implementation of a common trade policy - i.e. that dealing with agricultural products, had been the subject of a decision by the Council of Ministers; the other two (i.e. speeding up the implementation of a trade policy with regard to the State-trading countries and the inclusion of safeguard clauses in the relevant trade agreements) were still being studied. The Commission had found that there was little approximation of trade policies with respect to the Eastern bloc countries and this had an appreciable effect on the internal market of the Community. In view of this state of affairs, it had decided not to suggest a common policy on trade with these countries and restricted its attention to submitting "a plan gradually to standardize the instruments for a common policy at a later date". The External Trade Committee criticized this timidity; it felt that it was essential for bilateral agreements to be changed into Community agreements.

Attention was drawn to the factors that would have to be taken into account when the common trade policy was implemented: the most-favoured-nation clause, the export system and trade conditions generally. The report stressed that the co-ordination of credit policies was a "sine qua non" condition for standardizing the trade policy of the Six in regard to their relations with the Eastern bloc countries. It was felt that this could only come about gradually.

On behalf of the Agricultural Committee, Mr. R. Blondelle submitted an Opinion to be appended to the report. This Opinion analysed the economic structure of the State-trading countries and their trade with the Community; it advocated a more flexible credit policy to promote their industrial drive and hence reduce their agricultural exports to the EEC.

On behalf of the Socialist Group, Mr. Radoux stressed the need to organize a common policy with regard to the State-trading countries, notwithstanding the economic and political obstacles to trade between East and West to which the Rapporteur had referred. The speaker further emphasized the change of attitude of the Eastern States since the EEC was founded; this had developed from definite hostility to de facto recognition; the Socialist Group urged the Council of Ministers to step up its efforts for a common trade policy. In support of his view, the speaker quoted the report by the Action Committee for the United States of Europe which, the day before, had come out in favour of a common trade policy.

Finally, on behalf of the Socialist Group the speaker proposed an amendment to the preamble emphasizing the "desirability of developing" trade relations between East and West: the Parliament adopted this amendment.

Mr. Rey, a Member of the EEC Commission considered that it was the general wish in many quarters that a common trade policy should be worked out, especially in relation to the State-trading countries; apart from the Action Committee for the United States of Europe, the European Committee for Economic and Social Progress (ECESG) and the European League for Economic Co-operation had also shown how desirable it was for the Community to be strengthened in this way. In view of the lagging pace of the Council of Ministers' work, the speaker asked if the necessary political resolve really obtained and trusted that the Parliament would support the endeavours of the Council of Ministers.

At the close of the debate the Parliament adopted the amendment to the preamble moved by Mr. Radoux and that of Mr. Kriedemann (Socialist Group) changing paragraph 6 to call for "a much greater understanding by the Community of the economic problems of the State-trading countries".

The resolution proposed by the External Trade Committee was adopted in its amended form by the Parliament. The resolution referred to the EEC Treaty articles that advocate a common trade policy and stressed the political and economic significance of organizing trade relations with the Eastern bloc countries; it called upon the EEC Commission to increase the scale of its studies and proposals and it also called upon the Council of Ministers to adopt them. The Parliament stressed that it was in the interest both of the Eastern bloc countries and the Community to solve their trade problems and hoped that the merger of the Executives would make it possible to speed up the implementation of a common trade policy.

2. Additional provisions for fruit and vegetables

The European Parliament was consulted by the Council of Ministers on a regulation concerning the additional provisions for organizing the fruit and vegetables market; these were intended to eliminate the difficulties encountered in this sector; the Parliament returned its Opinion on 14 May.

Although the Member States had diligently applied the provisions of the basic regulation on fruit and vegetables, appreciable difficulties had arisen from time to time on the markets of some producer countries; these had been due to a glut which had brought about a drop in prices causing serious economic prejudice to the producers concerned.

The first aim of the regulation was therefore to promote better organization among the producers and encourage the formation of associations whose members would undertake to comply with certain production and marketing conditions in order to stabilize markets.

Apart from these organizations, the regulation also provided for market intervention, at the Community level, to preclude any collapse in the prices of certain products. The regulation provided for price machinery to be used in determining the scale of aids.

Two series of measures were anticipated on this basis: one concerning a ban on marketing within the Community on products attracting interventions and the other providing for subsidies to promote the processing of given quantities of products that could not otherwise be absorbed by the market. The Member States would, moreover, be obliged to purchase Community products offered to them at the lowest buying price.

The regulation further contained a clause on trade with non-Member countries. This provided for the abolition of quantity restrictions or measures having an equivalent effect on fruit and vegetable imports from such countries; there were also safeguard clauses which took the form of a countervailing charge on imports from countries that allow practices liable artificially to reduce the prices of the products they were offering to the Community market and, consequently, to impair competition.

Lastly the regulation allowed for drawbacks to be paid on fruit and vegetable exports; these would be geared to price movements within the Community and on the markets of those third countries that represent major outlets for the Community production.

The Report (1) drafted on behalf of the Agricultural Committee by Mr. Braccesi (Christian Democrat, Italy) broadly endorsed the aims of the regulations, although it suggested changes in the wording.

(1) Doc. 37/1965-66.

With regard to the creation of producer groups, the report suggested that they should be enabled to form federations for each production area at the national, regional or Community level, provided that in so doing, their aim was not to eliminate competition. The report stressed the optional nature of membership of such associations and suggested that there should be certain exemptions from the obligation to sell complete crops through the producer associations.

On intervention in the domestic markets, the report suggested that the arrangements for setting guide prices and the machinery for intervening should be more flexible. Guide prices should be worked out on the basis of prices current on the producer markets during five (and not three) seasons preceding the date when the prices come into force, maximum and minimum prices being left out of the calculation.

On measures to re-organize the market, the Committee report suggested - in addition to the trading bans and subsidies to promote the processing of products that could not be absorbed by the market - the closing of the external frontiers.

Lastly, the report introduced the idea of intervention not only at Community level but also at regional or national levels.

On trade with non-Member countries, the report endorsed the terms of the regulation although it stressed that the countervailing charge would automatically be applied whenever the Commission found that the prices of imported products were liable to impair or were impairing competition and causing prejudice to the intra-Community production or marketing of the products in question.

The debate in the Parliament began with a statement by Mr. Braccési, the Rapporteur, who outlined the regulation and the various amendments suggested by the Agricultural Committee. The next speaker was Mr. Kriedemann (Socialist, Germany) who, while recognizing the importance that certain countries in the Community and Italy in particular attached to the regulation being passed, questioned whether the proposed system would solve the problems of organizing the fruit and vegetable market. He felt that action could only be taken through interventions designed to keep production prices consonant with demand and not by creating new market structures as planned in the regulation.

Further reservations were entered by Mr. Baas (Liberal, Netherlands), Mr. Lardinois (Christian Democrat, Netherlands) and Mr. Mauk (Liberal, Germany).

These speakers placed special stress on the threat inherent in the EEC Commission proposals to the development of relations between the Community and non-Member countries. It was preferable to look for new markets for these products instead of introducing a protectionist system as advocated in the regulation. They recognized the need for producers to form groups but deplored the introduction of this principle without any general study being made of this problem.

There were also criticisms about the organization of markets and the opinion was put forward that the proposed organization could lead to excessive planning in a sector where it would be better to retain free market principles.

With regard to interventions on the domestic market, the speakers doubted whether this could lead to over-production through the guarantee to the producers of a minimum selling price and the arrangements for absorbing surpluses by Community intervention.

Mr. Bading (Germany), speaking for the Socialist Group, said that it was politically desirable for major groups of producers to create a market organization. The members of the Socialist Group, however, did not all hold the same views about the machinery of this organization. This again raised the problem of absorbing surpluses in the event of over-production and it was asked who would have to foot the bill - the producer or the consumer. If the producer groups were to pay indirectly for the disposal of production surpluses they would take potential demand into account in planning their production programmes. If the fruit and vegetable processing industries were paid a bonus, it would be in their interest to delay marketing their products in order to obtain this bonus.

The speaker then submitted two amendments to the Opinion entered by the Agricultural Committee calling for Section "c" of Paragraph 1, Article 8, to be struck out; this provides for frontiers to be closed to certain products while interventions are going forward on the domestic market; the second moved to restore the same Article in Paragraph 2, i.e. the text proposed by the Commission dealing with Community interventions.

The following, however, spoke in support of the regulation: Mr. Sabatini and Mr. Bersani (Christian Democrats, Italy) and Mr. Boscardy-Monsservin (Liberal, France), Committee Chairman.

These speakers pointed out in particular that the regulation did attempt to sort out some of the problems peculiar to the fruit and vegetable sector, including joint finance, which was at the root of all the difficulties. Without going into the technical details, they argued that the principles on which the regulation rested were a market organization supported by rational co-operation on the part of producers, and they presupposed Community intervention on the market to support prices while still taking into account the needs of the consumer. In short it was a co-ordinated organization of the various sectors and interests involved.

On the other hand, while the various suggestions that emerged from the discussion were to be welcomed, account had also to be taken of the principles underlying the attempt to forge the common agricultural policy, which was one of the foundations of the new European reality. In essence, it was a question of entering a new phase in which the principles of "coherence and comprehensiveness" would come into play in the common agricultural policy and gradually eliminate discrepancies. This was in fact exactly what the regulation under discussion set out to achieve.

Mr. Mansholt, Vice-President of the EEC Commission, began by asking the Parliament to appreciate the aim and political import of the regulation which was part and parcel of the common agricultural policy and hence designed to avoid some regions in the Community and some farmers being discriminated against in the comparison with others. Consequently the regulation would bring the fruit vegetable sector within the scope of the protection and guarantees already obtaining for other products subject to regulations; this would preclude farmers gearing their production solely to protected products, which could indeed have serious consequences both for the consumer and for the agricultural economy of the Community.

In reply to criticisms about the creation of producer groups and especially the fact that such groupings would come under a series of general proposals, the speaker stated that these proposals were at present being studied by the Commission and if an exception had been made for the fruit and vegetable sector this was due to the fact that it was extremely urgent that measures be taken in this sector.

Mr. Mansholt then defined the measures concerning intervention on the domestic market, stressing that these were intended to give guarantees to producers and, at the same time, benefit consumers by ensuring that they were supplied at favourable prices.

After refuting the objection to drawbacks on fruit and vegetable exports by saying that these already existed in the case of other products and adding that the draft regulation was not mandatory but simply opened up the possibility of such drawbacks being paid, the speaker concluded by calling on the Parliament to pass the draft regulation.

At the close of the general discussion, the Parliament went on to study the Opinion submitted by the Agricultural Committee. The following took the floor: Mr. Bading, Mr. Boscary-Monsservin, Mr. Mauk, Mr. Braccési, Mr. Kriedemann, Mr. Vredeling, Mr. Dupont, Mr. Poher, Mr. Baas and Mr. Mansholt for the EEC Commission. Two amendments submitted by Mr. Bading on behalf of the Socialist Group were rejected by a majority. The Parliament then examined a third amendment submitted by Mr. Blaisse, Chairman of the External Trade Committee, designed to eliminate the possibility of drawbacks being paid on fruit and vegetable exports. The reason for the amendment was that the term "drawback" was not justified since the products in question were not liable to any import charge. After explanatory statements by Mr. Boscary-Monsservin and Mr. Mansholt, the Parliament rejected the amendment. The Opinion on the regulation was finally passed by a majority.

Mr. Bading stated that the Socialist Group would vote against the regulation as it felt that its burden was inconsistent with the Group's policy.

3. Agricultural policy debate

At the May session the Parliament returned its Opinions on:

- a) an EEC Commission proposal to the Council on a regulation concerning glucose and lactose and
- b) an EEC Commission proposal to the Council concerning a Council resolution relating to the early achievement of a common market for certain products.

Under the regulation, chemically pure glucose and lactose, which were up till now subject to customs duty, will come under the common agricultural policy system and in particular under the levy system which hitherto had only applied to glucose and lactose of the "standard commercial grade".

The amendment became necessary following a decision by the Customs Co-operation Council to bring lactose and glucose of the "standard commercial grade" under the same customs heading. The amendment was unanimously approved by the Parliament on the basis of a report (1) submitted on behalf of the Agricultural Committee by Mr. Breyne (Socialist, Belgium).

The draft resolution concerned the speeded up establishment of a common market in respect of agricultural products already subject to a market organization i.e. cereals, pig meat, eggs, poultry, horticultural products, bovine meat, rice and dairy products. Customs duties on these products and the fixed protection rate applicable to them in trade between Member States would be abolished under this proposal and the common customs tariff would come into effect. The fixed factor in the protection rate for trade with non-Member States would also be standardized by 1 July 1967 at the latest.

The report (2) drafted on behalf of the Agricultural Committee by Mr. Lardinois (Christian Democrat, Netherlands) approved the measures proposed by the Commission. The report did, however, point out that these measures presuppose that a common price level will simultaneously come into force, not only for cereals but for all the other major agricultural products. The report also called for the relevant decisions to be taken to lay down the system, under the common agricultural policy, to which products for which there is not yet a market organization, will be subject; it also called for proposals in connexion with the fact that on 1 July 1967 the individual States will no longer be able to intervene on their domestic markets and called upon the EEC Commission to consider at the same time whether intervention measures have to be taken by the Community and, if so, what measures. The opinion of the Committee, which was put forward by the Rapporteur, was endorsed by the Parliament.

The Parliament also passed a draft resolution (3) submitted on behalf of the Agricultural Committee by Mr. Esteve (European Democratic Union, France); the resolution noted that some important sectors of agricultural production were still not subject to market organizations of the type specified in Article 40,2 of the Treaty and that no proposal for a common market organization had been made in respect of potatoes, which occupied a key position in the agricultural activity of the Community. In conclusion, the resolution asked the EEC Commission what measures it intended to take in this field.

(1) Doc. 35/1965-66

(2) Doc. 40/1965-66

(3) Doc. 25/1965-66

On behalf of the EEC Commission, Mr. Colonna di Paliano stated that he was ready to accept the resolution and he assured the Parliament that the Commission would not fail to make known its ideas and suggestions at an early date.

4. The 13th Annual Report on the activities of the ECSC

On 11 May, Mr. Dino Del Bo, President of the ECSC High Authority put the 13th Annual Report on the activities of the ECSC before the European Parliament.

Dwelling particularly on the Treaty signed in Brussels on 8 April, President Del Bo stated that this had fallen a long way short of all the hopes of those who would have liked to seize this opportunity to make further headway both in terms of the institutional structure and, above all, the balance of power within the Community. Against this background, the course recently followed smacked of timidity; indeed, some ground had been lost with regard to the approval of budgets. The speaker went on to say that only if the single Commission set forth at once towards the goal of merging the Communities and put forward the text of a new treaty, to supersede those of Paris and Rome, would there be any basis for real progress in the Community.

Speaking of the Protocol for an Agreement on Energy Policy, which was signed after a long period of uncertainty on the part of the Governments and as a result of the High Authority's determination, President Del Bo stated that of course not all the problems involved in introducing a common energy policy had been solved; the complete solution presupposed a revision of the existing treaties. Yet it was of the greatest significance that the Community now had a genuine additional instrument of European policy with which it could meet the greatest and most pressing difficulties.

He stressed that the significance of the Protocol for an Agreement lay in the coal sector in that it incorporated Community criteria governing subsidies to coal concerns; the speaker further stressed the need for Europe to continue to have an independent source of coal supplies. To achieve this end, President Del Bo pointed out, a subsidy policy was necessary and, to avoid any impairment of competitive conditions or any early break-up in the unity of the Common Market, it had not to be contingent solely on national criteria.

Referring to the financial resources available, Mr. Del Bo recalled that the High Authority used the funds accruing from the levy for readaptation and research but that it had to have sufficient funds at its disposal both for its subsidy operations and to finance investment in the coal and steel producing industries. In this connexion, the speaker drew attention to the fact that although there had been a rapid development in economic integration, developments on the capital market had been much slower. In view of the impending merger of the Treaties and the future responsibilities of the Community institutions, the speaker emphasized the desirability of more mature reflection on the problems of industrial finance.

Among its institutional responsibilities, Mr. Del Bo added, the High Authority had not forgotten that of drawing up general objectives. These had already got beyond the stage of preparatory studies. Views were being exchanged with representatives of the Governments and parties concerned. The speaker pointed out that the High Authority considered it a duty, in the period up to the Executive merger, to publish general objectives for the sectors under its responsibility, so that its successors might have at their disposal, in working out their policy, the most accurate basis possible.

Concluding his report, the President of the High Authority observed that as the work of the Community increased so did the need for sound administration. To date the Executive had measured up to all its duties, strictly applying the collegial method implicit in the Treaty of Paris. This, no doubt, would lie at the root of the Treaty that will be approved when the three Communities are merged. "But I can foresee a time, Mr. Del Bo added, when there will have to be a decentralization of the decision-taking functions. This will be possible and essential, in given sectors, once a political line is clearly defined and once precise regulations are worked out for the evaluation of individual cases. The decisions in such instances will then have to be entrusted to a specialized body, very probably of the collegial type, while reserving the rights of interested parties to appeal to a higher authority."

5. Administrative expenditure of the ECSC

On 24 February 1965 the High Authority submitted to the Parliament its amended estimates of administrative expenditure by the ECSC for 1964/1965. This amended statement concerned, on the one hand, the upgrading of certain posts on the High Authority staff and, on the other, supplements to the expenditure provisionally authorized by the Court of Justice. A provisional decision was necessitated by the lack of agreement among the budgetary authorities on the estimates for that institution.

Upon a proposal by Mr. Bernasconi, the Rapporteur appointed by the Budget and Administration Committee (1), the Parliament took cognizance of these amended estimates at its session of 11 May 1965.

6. Budgetary problems and the common agricultural policy

On 13 April 1965 three EEC Commission proposals were referred by the Council to the Parliament. These concerned (a) the financing of the common agricultural policy, (b) direct independent revenues for the Community and (c) the strengthening of the powers of the European Parliament.

The Budget and Administration Committee appointed Mr. F. Vals (Socialist, France) as Rapporteur on these three proposals.

Mr. Vals began his report (2) by drawing the logical inferences from the EEC Treaty and particularly from Article 201. This follows the same lines as Article 236 on the revision of the Treaty and makes it reasonable to suggest that if the summary amendment, for which it makes provision, could lead to the Community's possessing its own financial resources, it would also be pertinent to amend the provisions concerning the institutions ultimately responsible for drawing up and passing the income and expenditure budget. Under the Commission's proposal, the Community itself would be the disbursing body and not the States as under existing arrangements; therefore the authority responsible for passing this budget must be the European Parliament which will represent the Community by virtue of the generally accepted principle that the payer should exercise some control over the budget. This proposal is furthermore in line with the oft-expressed wish of the European Parliament to see those powers of approval and supervision that are being taken away from the national parliaments be transferred to the European Parliament to guarantee adequate parliamentary control at the European level as regard the budget and the operative factors in income and expenditure.

The Rapporteur went on to analyze the main features of the budgetary and institutional plan set out in the Commission proposals; he stressed the following points:

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- (1) Doc. 36/1965-66
 - (2) Doc. 34, I and II/1965-66

- 1) The new agricultural arrangements in Europe which will come into being on 1 July 1967 and the plans to finalize the customs union by the same date, will no longer justify the collecting of duties and levies by the importing States, since the place of collection will no longer necessarily be the place where the products are consumed.
- 2) The pooling of customs receipts will require a greater measure of budgetary control on the part of the European Parliament and its being able to create other financial resources available to the Community itself.
- 3) Resources available to the Community itself will gradually become integrated in the Community budget. In 1967 this will still be based on contributions from Member States and the Community's own financial resources but by 1972 the budget will be fully covered by the latter only. The same gradualism will characterize developments in the relations between the institutions. The Commission has in fact provided for a slight increase in the powers of the Parliament. It has nonetheless left the last word to the Council. There is no provision for any final procedure whereby the European Parliament would gradually acquire more extensive budgetary powers by 1972. The Rapporteur was ready to accept that such complete budgetary powers should be contingent on direct elections by universal suffrage provided a time-limit for this form of election were laid down. However, democratic control over the budget appears to him far too important to be delayed beyond 1972.
- 4) The proposals on the financing of the farm policy and institutional relationships were complementary and indivisible. The Rapporteur felt that it was impossible to pronounce on the question of collecting revenue deriving from duties and levies if at the same time no decision were reached on the way in which these resources were determined, passed and controlled.
- 5) The Rapporteur was gratified at the anticipatory and non-specific nature of the Commission's proposals regarding budgetary estimates. Budgetary provisions would be examined before expenditure were incurred; to date the budget had simply shown the budgetary repercussions of rates previously set for agricultural products. The budget would furthermore be non-specific in that the receipts would no longer be earmarked for specific appropriations.

The Rapporteur went on to examine the rôle assigned to the European Parliament under the Commission's proposals. In his view the Parliament should intervene not only before the budget were made up but also before income or expenditure heads were decided upon. In this connexion, there was cause for satisfac-

tion in the Commission's announcement that the EAGGF (1) financial regulation would be amended to this effect before 1 October 1966. The Rapporteur felt that the same budgetary procedure should be followed in regard to all financial resources available to the Community itself and hence also to the income the Commission anticipated from imports of fats, even though the Commission's proposal laid down no budgetary procedure. The Rapporteur endorsed the Commission's proposal that the budget should take political, economic and social implications into account when the surplus of receipts over expenditure was paid out to the Member States. He saw this as a further argument in favour of prior intervention by the Parliament.

The Rapporteur felt, however, that there were some gaps in the new budgetary procedure proposed by the Commission:

- a) the unduly large part played by the Council which could, on a four-sixths majority, amend along the lines proposed by the Commission changes suggested by the Parliament and could, on a five-sixths majority, depart from joint proposals of the Parliament and the Commission;
- b) the counter-proposals made by the Commission should be referred not only to the Council but also to the Parliament. The Commission should, in open session, answer any criticisms of the draft budget made by the Parliament;
- c) the draft budget submitted by the Commission should be prefaced by an explanatory statement showing the relationship between budgetary policy and economic and social policy;
- d) the Commission, which is responsible to the Parliament, should use its right of initiative to draw up the draft budget instead of the Council and not simply set out, in a preliminary draft, the estimates for each institution.

With regard to the proposed amendments to Article 201 of the Treaty concerning the creation of financial resources available to the Community itself, the Rapporteur stressed the merits of the proposal whereby the relevant decisions would be ratified not by the national Parliaments but by the European Parliament, once it were directly elected by universal suffrage. Finally, the Rapporteur felt that Article 50 of the ECSC Treaty would have to be amended to make due allowance for a budgetary

(1) EAGGF: European Agricultural Guidance and Guarantee Fund.

procedure that had been consolidated by custom. The High Authority hoped that this procedure would not be incorporated in the texts until the ECSC Treaty were revised; the procedure was intended to give the Parliament the right to amend - by a majority of two-thirds of the members present and voting and a majority of its members - any proposal made by the High Authority concerning the rate of its levies.

The Agricultural Committee and the Political Committee were also consulted on the three EEC Commission proposals.

The Agricultural Committee felt that the first draft regulation on financing the common agricultural policy should embrace all the major agricultural products and that the guide or target prices for milk, rice, sugar, beef and veal should be set as soon as possible. It stressed the need for a common policy on trade in agricultural products with non-Member countries for this would justify the Community's having complete responsibility. It felt that the proportion of resources appropriated under the guidance heading of the EAGGF could be increased because of the imminent interventions that were part and parcel of an accelerated implementation of the common agricultural policy. It asked that the Parliament be enabled to exercise prior control over EAGGF expenditure and claimed the right to be consulted on the revision of the EAGGF financial regulation. As to the second proposal, namely that the financial contributions of the Member States be replaced by other resources available to the Community itself, the Agricultural Committee could not accept that budgets should be financed solely from levies and customs duties to the exclusion of all other direct and indirect taxes. It would be adversely affected by any cut in customs duties under the Kennedy negotiations. Conversely, a surplus of resources accruing from duties and levies over the anticipated expenditure could give the Community the opportunity to pursue an economic and social policy. In this connexion, Community payments to the Member States should ensure that the benefits as well as the burdens carried by each in the Community, as provided for by the Commission, were shared equally.

Lastly, with reference to the institutions, the Agricultural Committee found the Commission proposals wholly inadequate. Since agricultural policy decisions would be taken at the Community level, it was essential that they be subject to democratic control by the European Parliament, whose effective power should be increased since such control would no longer be exercised by the individual national Parliaments. Without such a transfer of power the very bases of democracy would be shattered, the responsibilities of Parliaments and Governments would remain vague and even become distorted. The European Parliament should exercise greater control not only over the

draft budget but also over the decisions implied by such estimates, especially those on prices for agricultural products. In this respect only the Commission, which is responsible to the Parliament, is in a position to submit the draft budget. The Agricultural Committee therefore laid down as an essential condition that the budgetary procedure should be amended to allow for the same parliamentary control at the European level as that exercised by the national Parliaments over budgets and economic and social policy.

The Political Committee thought that the increase in the powers of the Parliament proposed by the Commission was not quite consistent with the democratic concept of Europe. It felt that during the transitional period, which ends in 1971, the Council should be required to record a five-sixth majority vote and a unanimous vote respectively before departing from proposals made by the Commission and/or the Parliament. It felt that in the final stage it was not desirable for the Parliament alone to pass the budget and or for the Opinions of other institutions merely to be noted. The Political Committee thought it would be more logical and politically more realistic at that stage for the Parliament to co-operate with the Council in drawing up the budget. In view of the interrelationship between direct elections by universal suffrage to the European Parliament and the Commission's proposals, the Committee considered it highly important that amendments should be made to Articles 201 and 203 of the EEC Treaty as well as to Article 138 of the EEC Treaty, Article 108 of the Euratom Treaty and Article 21 of the ECSC Treaty which were germane.

During the general debate held on 11 March, the following took the floor: Mr. Vals, Rapporteur, Mrs. Strobel (Germany) for the Socialist Group, Mr. Illerhaus (Germany) for the Christian Democrat Group, Mr. Gaetano Martino (Italy) for the Liberal and Allied Group, Mr. Landrin (France) for the European Democratic Union, Mr. Hallstein, President of the EEC Commission, Mr. Blaisse (Christian Democrat, Germany), Mr. Van der Goes van Naters (Socialist, Netherlands), Mr. Berkhouwer (Liberal, Netherlands), Mr. Pöcher (Christian Democrat, France), Mr. Vredeling (Socialist, Netherlands) and Mr. Mansholt, Vice-President of the EEC Commission.

The Socialist Group put forward several reasons purporting that the Commission proposals, even as amended by the Parliament, constituted an unambitious position. It took the view that further developments were to be expected as regards:

- a) resources available to the Community itself: these could not consist solely in consumer taxes affecting trade with non-Member countries;

- b) parliamentary control: neither the Commission proposals nor the amended proposal of the Budget and Administration Committee made any provision for adequate democratic supervision. The Parliament itself had, as of now, to make up the budget with this proviso that during the transitional period a conciliation committee of the Parliament and the Council would be responsible for settling any differences of opinion about the budget.

The Socialist Group emphasized that the Commission proposals were indivisible. It asked that the logic of democracy be followed through to its conclusion.

The Christian Democrat Group while approving the report as a whole, made a number of observations. It was not a question of transferring parliamentary powers from the national to the European level but rather of democratizing Europe. The national Parliaments had accepted that some of their powers should be transferred to the Councils set up by the Treaties of Rome. It further thought that the type of budgetary resources was not relevant to any assessment of wider powers of control. The essence of such powers was the size of the amounts expended on agricultural policy since such amounts were not merely an administrative but an economic and social appropriation. The European Parliament therefore had the right to exercise a power of co-decision and control.

The Liberal Group thought the European Community had to assert itself at the political level. There had been too many setbacks in this sphere in the past and especially the recent past. If there were a way of bringing pressure to bear on the Governments through the proposals which the Commission has just submitted, advantage should be taken of this to increase the political powers of the Parliament to the extent needed to democratize European integration.

The European Democratic Union was critical of the Commission's proposals and decided to abstain for the following reasons:

1. It was at present very difficult to assess what the needs of the EAGGF would be. Several regulations had still to be passed by the Council. The financial resources available to the Community itself would appear to be well in excess of needs.
2. There were three points on which the Commission failed to comply with the mandate it had received from the Council in December 1964:

- a) eligibility for any EAGGF financial intervention should depend on a Community qualification;
 - b) the criterion of the volume of net exports to work out the amounts to be contributed by the Member States, had been discarded;
 - c) the scale of contributions to cover the expenditure incurred in paying compensation to Germany, Italy and Luxembourg had not been incorporated in the proposals.
3. Article 201, on resources available to the Community itself, presupposed that the common external customs tariff would be finally introduced; no decision on this had yet been taken.

In reply to the various speakers, the EEC Commission said that the proposals on resources available to the Community itself and institutional changes were in no way revolutionary. It referred to the many texts drafted to this effect since 1961. Its opinion was that the increased powers of the Parliament had a much more solid basis in the extent of the Community's social and economic expenditure than in any ostensible transfer of powers from the national parliaments to the European Parliament. The Commission felt that its proposals could not incorporate a budgetary procedure applicable in 1972 without knowing what the situation would be at that time.

It was furthermore wrong to suggest that the Commission's proposals on budgetary procedure left the last word to the Council. The majorities provided for in the new Article 203 allowed for proposals from the Parliaments to be passed by three members of the Council. The Commission stressed that its proposals formed an indivisible whole. If the common external customs tariff were not finally introduced on 1 July 1967, that is if the industrial market were not organized by then, the common agricultural market would not be brought into being. The Commission felt it was its duty to state that only gradually could progress be made from the stage of the Community having its own resources to the stage of a European federation.

Mr. Van der Goes van Naters (Socialist, Netherlands) argued in support of the sovereign right of the people in the matter of the budget. Under the Treaty, the European Parliament consisted of representatives of the peoples of the States in the Community and it should be empowered to reject the budget proposed by the Commission.

Mr. Berkhouwer (Liberal, Netherlands) put the case for the principle of no taxation without representation. He felt the time had come to take advantage of the Commission proposals to enhance the powers of the European Parliament. While it might so far have been strategically advisable to hold back, the time had come to open the door to the democracy that Europe wanted.

Mr. Blaisse (Christian Democrat, Netherlands) submitted an amendment to the new text of Article 203 suggested by the Rapporteur. He felt that when the Council passed, by a majority of five members, proposals which departed from the amendments tabled by the Parliament and from the position adopted by the Commission, the draft budget should be deemed final unless, within twenty days from the date of receipt, the Parliament rejected it by a majority of two-thirds of the votes cast representing a majority of its members. Mr. Blaisse felt that this compromise would force the budgetary authorities to accept a conciliation procedure and that it would endow the Parliament with political responsibility.

On 12 March, following these debates, the Parliament examined the draft resolution submitted by the Budget and Administration Committee. Most of its clauses were passed; this represented an endorsement of the views set out in the report. With reference to Article 203 of the Treaty, the three political groups - the European Democratic Union abstaining - embodied in a compromise amendment the changes they had suggested earlier. This amendment was passed; it included the following changes to the draft drawn up by the Budget and Administration Committee for the new text of Article 203 of the EEC Treaty:

- a) the Commission shall append to the draft budget an estimate of the receipts of the Community;
- b) the explanatory statement of the Commission should cover decisions likely to affect the budget;
- c) the draft budget as amended by the Parliament shall be considered final unless a majority of five members on the Council amended the budget passed by the Parliament along the lines suggested by the Commission;
- d) when a majority of five members of the Council passed provisions departing both from amendments tabled by the Parliament and from the position adopted by the Commission, the draft budget shall be considered final unless within twenty days from the date of receipt the Parliament rejected it by a majority of two-thirds of the votes cast representing a majority of its members.

The Parliament also passed an amendment tabled by several members of the Christian Democrat Group stressing the need for the Parliament to exercise a right of co-decision and supervision over investment and intervention expenditure incurred under the common agricultural policy.

The third amendment adopted called upon the responsible institutions to cover all the expenditure of the European Communities by Community receipts, especially the expenditure connected with nuclear research and investment.

The resolution was then voted as a whole by roll-call; of 86 members voting, 76 voted in favour and 10 abstained. When the vote was taken, Mr. Pleven (Liberal, France) regretted that certain delegates had found it necessary to reduce the problems raised to technical questions, while the issue at stake, in the debate initiated by the Commission, was the democratization of European integration. He trusted that the Commission, strengthened by the moral support of the massive vote in favour of the resolution before the Parliament, would not give way to the Governments of the Member States or to the temptation to compromise either about the powers of the European Parliament or the financing of the common agricultural policy.

7. Relations between the EEC and Latin America

In an oral question to the EEC Commission on relations between the EEC and Latin America, Mr. E. Martino (Christian Democrat - Italy) recalled that during earlier debates on this subject, the EEC Commission had been asked, at the unanimous request of the European Parliament, to submit to the Council of Ministers fresh proposals, reflecting the developments and changes of recent years, to organise relations between the European Economic Community and Latin America. Mr. Martino asked the Commission what action had followed the request made by the Parliament. If no action had been taken, did it not consider that action was urgently necessary? Lastly, would the Commission say what it intended to propose to the Council of Ministers in the new Action Programme on behalf of Latin America as regards trade policy, financial policy and technical assistance?

In putting his question before the Parliament on 12 May, Mr. Martino stressed that a new factor had emerged: a plan had been drawn up for the economic integration of Latin America on the European Common Market model. The European Community should support this endeavour and consider the political importance of

Community action in relation to these countries, particularly on trade and financial policy and technical assistance. The EEC Commission should take the initiative and submit a new Action Programme to the Council of Ministers that reflected recent developments in the Latin American countries.

Mr. Rey, a Member of the EEC Commission, said in reply to Mr. Martino's question that the Commission had not yet submitted fresh proposals to the Council of Ministers. Discussion with the Latin American countries was continuing within the framework of the World Trade and Development Conference and that of the GATT tariff negotiations. Talks between the Commission and the ambassadors of the Latin American countries in Brussels had furthermore been resumed. A working programme had been drawn up as a consequence of which it would be possible for the Commission to refer new proposals to the Council and the Parliament. Mr. Rey hoped that discussions with these countries would strike a practical vein and begin to yield positive results in the months ahead.

8. Speeding up the customs union and approximating customs laws

In February 1965, the Council consulted the Parliament on two EEC Commission proposals. The first dealt with the abolition of customs duties, bringing the common customs tariff duties into force and eliminating quantitative restrictions between Member States; the second dealt with the approximation of customs laws.

Mr. Scarascia Mugnozza (Christian Democrat, Italy), appointed Rapporteur by the Internal Market Committee, recalled in his report (1) that the Community institutions and especially the European Parliament had always stressed the need to speed up the establishment of the customs union. He could only approve the latest Commission proposal designed to bring this union into being by 1 July 1967; it would provide a worthwhile stimulus to deeper market interpenetration and to the work of unification of other sectors. He felt that this acceleration should be accompanied by an equally rapid realization of the economic union to avoid any imbalance in the integration of the national economies.

As regards the approximation of customs laws, the Rapporteur recalled the broad outlines of the major programme that the Commission set itself in its note of 31 July 1963. He urged that this approximation be carried through on schedule,

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that is at the latest by the time the customs union were completed for industry and agriculture.

In the two resolutions adopted on 12 May 1965, the Parliament approved the text of the EEC Commission proposals; it pointed out, however, that the Commission could take Article 100 of the EEC Treaty as the basis for approximating customs laws.

On a proposal from the Agricultural Committee, the Parliament passed three amendments to the first draft Decision; these were submitted by Mr. Lardinois (Christian Democrat, Netherlands). It considered it necessary that provision be made for agricultural products that were still not subject to either a common market organization or to Community regulations, and that Community provisions should be laid down by 1 July 1967 in order to abolish customs duties and prohibit quantitative restrictions on imports of those agricultural products not yet subject to regulations by that date; it was understood that the acceleration decision would no longer be applied to these products once they came under specific regulations.

9. The abolition of frontier controls between the member countries

On 3 February 1965 the Council referred to the Parliament a request for consultation on an EEC Commission proposal to abolish frontier controls between the member countries. The Internal Market Committee appointed Mr. Bersani (Christian Democrat, Italy) as Rapporteur.

Under the draft resolution drawn up by the Executive, controls would be abolished by 1 January 1970 at the latest. In his report (1), Mr. Bersani took the view that this draft was integral with other drafts concerning the full implementation of customs union by July 1967 and that it rounded them off. He felt that it was advisable to make it known to nationals of Member States that trade was free from any economic restriction and that the consumer could get the benefit of this. He did not conceal the fact that it would no doubt be technically possible to abolish controls on that date but that it would be unwise to neglect other difficulties such as the approximation

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of turnover taxes, excise duties and other indirect taxes as well as all the other legal and administrative provisions which had a direct bearing on the establishment or the operation of the common market; nor should the abolition of administrative obstacles - particularly the licensing system - be neglected. He then emphasized that the abolition of frontier controls would be absolute if, as the Commission intended, the Member States did not have recourse to the safeguard clause provided for in Article 115 of the EEC Treaty. Lastly, he trusted that by that date the Community would have a common economic policy which would iron out national differences which would be even more strongly felt following the complete freeing of trade.

The report by Mr. Bersani was discussed in public session on 12 March 1965. In the resolution passed by the Parliament, it approved the Commission draft and recalled the need to abolish frontier controls between Member States as soon as possible, particularly the control of hand luggage, so that customs union between them might attain to its full reality.

10. Pharmaceuticals

In March 1965 the Council referred to the Parliament for its Opinion a second Commission proposal to approximate the legal and administrative provisions for pharmaceuticals.

It is worthwhile remembering that the directive issued on 26 January 1965 (1) deals with the authorization to put pharmaceuticals on the market and the labels they must carry, whereas the second directive specifies the obligations to be met by manufacturers in order to guarantee the quality of their products. Mr. Tomasini (European Democratic Union, France) appointed Rapporteur by the Internal Market Committee was unable to draft his report until the first directive had been passed by the Council since the latest Commission proposal makes reference to an amended text of the first proposal.

Mr. Tomasini began his report (2) by noting the piecemeal character of this new directive which led him to suppose that at least one further proposal from the Commission would be forthcoming to achieve a final solution consisting in the mutual recognition of national authorizations. He then stressed the responsibility of the manufacturer who had himself to select his experts, possibly on the basis of a list drawn up by the administration and whose qualifications would be in line

(1) Council directive of 26 January 1965, Official Gazette of the European Communities, No. 22 of 9 February 1965.

(2) Doc. 33/1965-66

with objective criteria to be suggested by the Commission. The function of the expert could not be confined to giving an opinion on supervisory methods or the outcome of tests. The expert had to engage in work in his own discipline (analyst, pharmacologist or clinician). He had to describe his findings as to the composition, the pharmacological action and the toxicity of a product. His conclusions had to be final.

Articles 6 and 7 of the draft concerning the controls imposed on the manufacturers seemed to the Health Protection Committee, whose opinion was consulted, to lack precision. It felt that production should stop immediately if the manufacturer exercised inadequate control, so as to avoid any danger to public health resulting from red tape. It felt the same should apply for rulings allowing products to be put on the market and for those requiring their withdrawal from the market that might follow inspections. In this connexion, the Rapporteur took the view that it should be left to the discretion of the Member States to take measures to this effect. He further suggested that the interval between inspections should not exceed two years. With regard to notification to other Member States of decisions, he felt that unless there were serious risks involved, the refusal to authorize products still not on the market should not be declared in order that a product still not perfected might not thereby suffer prejudice.

The proposal by the Health Protection Committee to the effect that failing a mutual recognition of authorizations, there should be a Community body responsible for giving a ruling on requests for authorization. The Rapporteur endorsed this proposal. He trusted the Commission would put forward a further proposal to this effect as soon as possible. It was regretted that the Commission proposal made no provision for any appeal by the manufacturers against administrative decisions. He felt that the therapeutic effect requirement for pharmaceuticals, mentioned in the first directive, was superfluous in the second. He suggested that the time limit within which the Member States should take the necessary action in compliance with the directive should be increased from twelve to eighteen months and that the time limit within which the directive were to apply to authorizations to put products on the market pre-dating the directive, should be increased from two to five years.

During the debate in the plenary session, Mr. Tomasini drew attention to the vagueness of certain clauses, the lack of Community machinery and procedures, and the fact that the interpretation and implementation of directives is left almost entirely to the discretion of national authorities. He trusted that these shortcomings would be remedied so that the laws on pharmaceuticals would be standardized - as they should.

Mr. Santero (Christian Democrat, Italy) regretted that the report had not attached greater weight to the comments of the Health Protection Committee. He felt it important to emphasize that the interests of public health should take precedence over the expansion of trade. He asked for point 2 of Article 9 of the Commission proposal to be allowed to stand; this stipulated that the absence of therapeutic effect or insufficient evidence thereof would mean the withdrawal of a product from the market and a prohibition of its sale.

Mr. Troclet (Socialist, Belgium) came out in support of several of the amendments submitted by three members of the Health Protection Committee. These amendments concerned:

- a) the mutual recognition of authorizations to put pharmaceuticals on the market (Amendments Nos. 1 and 2);
- b) the therapeutic effect (Amendment No. 3);
- c) the "immediate" cessation of production when the provisions of the directive were not complied with (Amendment No. 4);
- d) the immediate withdrawal of products when these conditions were not met (Amendment No. 5);
- e) establishing common standards and drawing up specifications for testing the medicaments listed in the first directive on pharmaceuticals, at the latest by the time the second directive came into force (Amendment No. 6);
- f) upholding the time limits provided for by the Commission; these were: twelve months to comply with the terms of the directive and two years to comply with the directive in respect of authorizations issued before its coming into force. (Amendments Nos. 7 and 8).

Mr. Deringer (Christian Democrat, Germany) asked the Executive whether it would be possible to incorporate in the directive a definition of "objective criteria" for the appointment of experts in the six Member States having similar qualifications. If not he would like to know what attitude the Commission took on this question.

Mr. Colonna di Paliano, a member of the EEC Commission, stated that the approximation of laws on pharmaceuticals could only come about gradually and that Member States would have to remain responsible for appointing experts for some time to come. A working party was studying the mutual recognition of national authorizations. This would probably make it possible to solve the problem of the appointing experts.

He felt the amendment submitted by the Health Protection Committee to allow Article 9,2 on the therapeutic effect should stand. The inspections provided for in the directive furthermore, could not be carried out as regularly as the Internal Market Committee proposed they should; in this matter the number of enterprises and type of production had to be borne in mind.

He was in favour of Amendments Nos. 3, 4, 5, 7 and 8; the requests made in Amendment 6 could not be met until the first draft directive were passed.

Following the general debate the Parliament passed a draft resolution which incorporated the observations made in the report and which approved the text of the directive as amended by the Internal Market Committee, due regard being had for the eight amendments submitted by the members of the Health Protection Committee. The third amendment was re-worded so that only the lack of therapeutic effect would be sanctioned and not the lack of evidence of this effect.

11. Freedom of establishment and freedom to supply services

Real estate transactions and services supplied to undertakings

On 21 September 1964 the Council referred to the Parliament for its opinion an EEC Commission proposal to implement the freedom of establishment and the freedom to supply services for non-wage earning activities in the real estate sector (Group 640 CITI) and for services supplied to undertakings (Group 839 CITI). The Internal Market Committee appointed Mr. Alric (Liberal, France) (1) as Rapporteur. In his report Mr. Alric decided in discussing real estate to adopt the occupational classification established by a protocol signed in Brussels in 1961 by the professional associations in the six States of the Community. A helpful feature of this protocol

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was its definitions of activities for promoting, negotiating and managing real estate. He also referred to a more detailed list of real estate activities for the Benelux countries. A similar concern for accuracy prompted the Rapporteur to suggest addenda to Article 4 on services supplied to undertakings not classified elsewhere. He proposed a revised list of activities pertaining to publicity.

The Rapporteur trusted that the Member States would hold consultations to give standard effect to Articles 55 and 56 of the EEC Treaty. These articles provided for exclusion from the operation of the chapter on the Right of Establishment for "activities involving in any Member State the exercise, even occasionally of government action" and "for special treatment for foreign nationals on the grounds of public policy (ordre public), public security and public health".

The Parliament studied this report on 12 May 1965 and adopted the draft resolution submitted by the Internal Market Committee. In this resolution it approved the EEC Commission draft directive while noting that it was behind the schedule laid down in the general programmes to abolish restrictions on the freedom to supply services and the right of establishment.

12. Freedom of establishment and freedom to supply services
Electricity, gas, water and sanitation services

On 14 October 1964 the Parliament was asked, in a letter from the Council, to give its Opinion, in pursuance of the EEC Treaty, on a draft directive to implement freedom of establishment and the freedom to supply services in non-wage earning activities connected with electricity, gas, water and sanitation services (Section 5, CITI) (1). The responsible Committee in this connexion was the Internal Market Committee and it appointed Mr. J. Illerhaus (Christian Democrat, Germany) as Rapporteur. In his report (2) Mr. Illerhaus explained the practical bearing of the directive. This was limited because the activities in question are often undertaken either by national or local authority departments or else they are the subject of concessions. The Rapporteur accepted that such restrictions should remain in force provided that they were applicable to nationals of the Member State concerned as well as to nationals of other Member States. He noted with satisfaction that the Executive had dealt with activities in the gas sector as a whole and that the scheme to transport gas by pipe-lines (not scheduled for liberation until the third stage of the transitional period) had

(1) CITI = Classement International par type d'industrie.
(2) Doc. 32/1965-66

also been incorporated. The Energy Committee had stated - in the Opinion it had returned on the subject - that this initiative allowed for political action at the European level in the energy field. With regard to the co-ordination of conditions of access to the activities specified in the directive, the Rapporteur expressed surprise at the reference made to the common energy policy which implied that such co-ordination was unlikely to be achieved in the near future. The Health Protection Committee was also asked for its Opinion; it had no comment to make.

In a resolution adopted on 12 May 1965, the Parliament approved the EEC Commission draft directive both because it completed the Community measures already taken to bring about freedom of establishment and because it created a new instrument likely to further the achievement of a common energy policy. The Parliament trusted that the Commission would, as soon as possible, look into the problem of co-ordinating conditions of access to and the exercise of the activities specified in the directive. It proposed an amendment to Article 8 in the draft directive to stipulate the date when the directive was to come in force and the date by which the Member States had to inform the Commission of the measures they took in pursuance of the directive.

13. The régime applicable to certain processed products originating in the Overseas States and Territories

At its session on 12 May, the Parliament examined the report by Mr. Angioly (Liberal, Italy) (1) on a proposal by the EEC Commission (Doc. 112/1964-65) to the Council concerning a regulation on the régime applicable to certain processed products originating in the Associated African States and Madagascar and Overseas States and Territories.

The purpose of the proposal was to establish a permanent regulation for imports of processed products made from cereals and rice; this would come within the general framework of a special system for all products originating in the Associated Overseas States, Countries and Territories.

The Rapporteur recalled that the arrangements provided for in the proposal had to be made in pursuance of Article 11 of the Yaoundé Convention; this lays down that, in determining its common agricultural policy and the régime applicable to imports

(1) Doc. 72/1964-65

into the Community of agricultural products, the Community "shall take into account the interests of the Associated States".

The object of the proposal for a regulation is to give a further application to the principle of "taking into account" the interests of the Associated States by including processed products made from cereals and rice. The Rapporteur examined the extent to which this proposal met the relevant requirements and provided for adequate market opportunities for producers in the Associated States and Territories. In doing so he briefly examined what proportion these products represented in the exports of the Associated Countries and how they compared with the Community's production and imports of amyloid products. He further dealt with the problem of these imports in the light of regulations which the Community had laid down - within the framework of the common agricultural policy - in respect of the cereal and rice markets.

This led the Rapporteur to suggest that the proposal for a regulation be amended to allow for further measures in regard to EEC imports of cassava from the Associated States in the event of serious difficulties arising in this sector.

On behalf of the EEC Commission, Mr. Levi-Sandri stated that the suggestions of the Rapporteur would be borne in mind.

The Parliament passed a resolution endorsing the proposal for a regulation, due account having been taken of the draft amendment the Rapporteur had called for.

14. The merger of the Executives and its repercussions on industrial health and safety problems in the European Community

On 12 May the Parliament studied a report by Mr. Pêtre (1) on the repercussions of the merger of the Executives on industrial health and safety problems in the European Communities. The Rapporteur stressed that the merger of the Executives was simply a prelude to merging the Communities. He said that it would only be possible gradually to streamline work on health protection in the Communities. The merger of the Executives was a first step. The time had not yet come to remoulding the treaties of Paris and Rome in a single European treaty.

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The Rapporteur examined the present state of health protection and industrial safety and he recalled that the three Executives had different powers on health protection and industrial safety. The powers vested in the ECSC High Authority and the Euratom Commission were more extensive than those of the EEC Commission; this was clear from the provisions of the treaties of Rome and Paris.

Against the background of the merger of the Executives, the proposals made by the Rapporteur were designed to bring about a rationalization of European policy on health protection and industrial safety. In streamlining the institutional structure of the European Communities by establishing a single Executive, it would, he felt, be both useful and desirable to approximate the health protection and safety clauses in the three European treaties.

The Committee considered that the future High Commission ought to be empowered to enact a proper health protection and safety policy that should be carried into effect when the Communities were merged. It should also be empowered to go further in this direction by applying, throughout the Community, stringent regulations based on those in force in Member countries having the greatest experience.

With the merger of the Executives in mind, the Rapporteur felt that obviously the first need was a measure giving the single Executive the necessary instruments to work out - particularly by broadening the powers of the Standing Committee on Safety in the Coal Mines - the best possible solution to the problem of safety in the mines. This should be founded on the latest technical developments.

The Health Protection Committee also felt it essential that the single Executive should concern itself as well with the approximation of national regulations and safety measures in force in other branches of industry in the Community.

It was quite feasible if not desirable for certain urgent measures to be taken in the field of health protection and industrial safety with a view to endowing the single Executive with wider powers than those held by the EEC Commission.

On behalf of the Socialist Group Mr. Troclet (Belgium) stated that he fully agreed with the comments made by the Rapporteur and approved the draft resolution.

Mr. Dichgans (Christian Democrat, Germany) approved the report as a whole but felt that the single Commission should be allowed to organize its departments as it thought fit. Hence he would abstain on point 5 of the draft resolution.

Mr. Levi-Sandri, Vice-President of the EEC Commission, Mr. Margulies, Member of the Euratom Commission, and Mr. Coppé, Vice-President of the ECSC High Authority, stressed the importance of the report submitted by the Health Protection Committee. The recommendations made in this report would be a valuable working basis for the future single Commission; this would not change the practices that had so far been followed; on the contrary it would have to set up a health protection and industrial safety organization that would cover all spheres of activity in the three Communities.

In the resolution the Parliament emphasized how necessary it was while the streamlining of the institutional structure of the European Communities was going forward, for the future European High Commission to be in a position to pursue a balanced policy on health protection and industrial safety at the Community level. To this end it enjoined the Councils to entrust to the European Commission the responsibility for organizing Community aid in the event of any kind of disaster; to provide the single Executive with instruments which would enable it to find the best possible solution to the problem of safety in the mines; this could be effected if the powers and prerogatives of the present Standing Committee on Safety in Coal Mines were enlarged; to entrust the future Executive with the responsibility for seeing to the approximation of national regulations on industrial safety in those branches of industry in the Community particularly subject to the risk of accidents; to authorize the single Executive to take emergency measures at the European level where these appeared essential and in the interests of the health and safety of the working population and the general public in the Community.

The Parliament formally disapproved of any regression which might result from merging the Executives and the Communities as a result of a "levelling down" in the approximation of the European treaties.

15. The nuclear policy of the Community

On 13 May the second supplementary report by Mr. Pedini (Christian Democrat, Italy) (1) on the state of progress in the Euratom research programme was discussed; it was submitted on behalf of the Committee for Research and Cultural Affairs.

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Before presenting his report, Mr. Pedini, who had just learnt of the agreement to recast the second Euratom five-year programme reached by the Council of Ministers in Brussels that morning, called upon the representatives of the Euratom Commission to make the necessary statements as he felt these would help to see the developments in their true perspective.

Mr. Sassen, a member of the Euratom Commission, acceded to the request and outlined the scope of the agreement. This, he said, clearly expressed a unanimous political resolve to take joint action in the nuclear sphere a stage further and to increase its scale. The agreement reached, the speaker stressed, represented a significant contribution to the research programme in that it would allow for new common centres to be set up. These would make it easier to dovetail national and Community nuclear research programmes; it would hence be possible in the years ahead to carry through a more closely co-ordinated joint programme that would, above all, be more in line with industrial developments and with the rapid progress being made in nuclear research.

Mr. Pedini expressed satisfaction at the agreement reached, for it would enable Euratom to resume its activity and restore confidence in the work that scientists and technicians were carrying out in the research centres. He pointed out that it was chiefly thanks to the good-will of one party to the agreement (the speaker was referring to Italy) that this had been possible - a party which had not argued in terms of national interest. The Italian Government had, in fact, waived claims that were no doubt justified in order to allow the resumption of work at the European research centre.

Going on then to discuss the amended Euratom research programme, Mr. Pedini approved the increased financial appropriations for the nuclear centres at Ispra, Karlsruhe and Petten but said he was perplexed by the fact that this increase had meant financial discrimination against the teaching sector, despite the latter's important rôle in the nuclear future of Europe. There had been increased financial appropriations for the research centre and these would mainly affect future experiments; but there had been a cut in the financial appropriations for experimental work on reactors currently operational, that is research of immediate relevance. At this point the speaker stated that Euratom had to be more than simply a research centre at the European level whose emphasis was on the future; it had also to be a Community that kept in touch with current progress in producing electricity from nuclear sources and whose chief concern was to promote the creation of public and private industries in growing numbers to build nuclear power-stations that would give Europe a productive capacity of some weight in comparison with those of other world markets.

Mr. Pedini concluded his report - he was speaking here for the Committee for Research and Cultural Affairs - by urging the rejection of the resolution tabled; he did so in the light of the new situation arising from the agreement reached by the Euratom Council of Ministers in Brussels; this called for a re-examination of the problem by the Committee concerned.

In the discussion which followed, Mr. Battistini (Christian Democrat, Italy) seconded the views expressed by Mr. Pedini; he took Euratom to task for its lack of drive towards endowing the Community with a nuclear potential which would gradually attain parity with that of the major nuclear powers. The speaker particularly stressed the untoward repercussions that would result from the policy pursued by Euratom; its emphasis was on fast reactors and less attention was paid to the study and technical development of the thermal reactors now in industrial service and to the heavy-water reactors that were expected to become operational soon. Mr. Battistini thought that this would have two repercussions: since the industrial production of nuclear energy in the next fifteen to twenty years would come from thermal reactors of the type now in service, the smaller emphasis placed by Euratom on research into this type of reactor could, in the short term, result in a partial or complete vacuum in European production which would presumably be filled by national production, either directly or through industries associated with the Community. The second repercussion would be that the type of research undertaken, with its main accent on reactors of the future, would, in view of the scale envisaged, call for highly advanced and expensive equipment; thus co-operation with Euratom on such research would mainly have to be sought from regions of the Community which have made the greatest nuclear progress. All this, the speaker added, simply increased the existing imbalance in the nuclear sector and was inconsistent with the principles of the Treaty of Rome which explicitly includes, in its political aims, the achievement of balanced economic and technical development for the various regions of the Community.

Mr. Terrenoire (European Democratic Union, France), Chairman of the Committee for Research and Cultural Affairs, was gratified at the result achieved; he endorsed the opinion expressed by the Rapporteur, while emphasizing that it was impossible for his Committee to comment on this agreement, which, while being in the nature of a compromise, was the expression of a common political resolve on the part of the Six.

Mr. De Groote, a member of the Euratom Commission, who spoke in the debate, pointed out to Mr. Pedini that it was incorrect to say that the Euratom Commission would be able, by virtue of the Brussels decision, to resume its activity; it had never stopped and it had taken the risk of carrying on even while the recent decision was still pending. The speaker shared the disappointment expressed by the Committee for Research and Cultural Affairs at the fact that the teaching

programme had been curtailed and stated that this would not be lost sight of but form an integral part of the research programme. Going on to analyze the problem of the merger of the Executives, Mr. De Groot was at pains to point out that Euratom, proud of its distinctive features was anxious to ensure that the experience gained after years and years of extensive work would not be lost to the single Executive or to the merged Communities.

After a final speech by Mr. Sassen, in answer to questions from previous speakers and from Mr. Sabatini (Christian Democrat, Italy), who had raised the problem of the uncertainty that affected most the staff working at the nuclear centre at Ispra to which the Commission's attention had been drawn, the European Parliament unanimously decided to refer the problem discussed back to the responsible Committee and adjourned the resolution submitted.

16. Social security for auxiliary staff in the European Communities

The EEC Commission has consulted the Parliament on a draft regulation to supplement Council Regulations Nos. 3 and 4 on social security for migrant workers. The draft regulation is designed to clarify the position of auxiliary staff in the Communities. The Parliament returned its Opinion at its May session on the basis of a report which Mr. Tomasini (European Democratic Union, France) submitted on behalf of the Social Committee (1).

Auxiliary staff are under contract for a limited period. To date their social security position has been governed by Article 70 of the Service Regulations. The wording of this article is not clear and the EEC Commission therefore decided to remedy this. It had two alternatives: either to amend Article 70 of the Service Regulations or to give auxiliary staff the benefit of Regulations Nos. 3 and 4. The Commission chose to do the latter in view of the time it would have taken to revise the Service Regulations.

The Social Committee noted with satisfaction that the EEC Commission draft regulation was designed explicitly to state

(1) Doc. 29/1965-66

the choice open to auxiliary staff as to the particular social security system they wished to come under, i.e. that of the previous country of residence, or that of the country of origin or that of the place of employment. The right to choose has to be exercised when the contract is signed. Mr. Tomasini felt that this clarification was very welcome since it tightened the links between the social security authorities in the Member States. The position of auxiliary staff is, furthermore, similar to that of certain categories of employees in diplomatic or consular positions who are subject to Regulations 3 and 4 in respect of social security and it therefore seemed wise to give them the benefit of these regulations which constitute for workers in the six countries of the Community a proper social security charter.

In conclusion, the Social Committee returned a favourable opinion on the EEC Commission draft regulation. It did, however, point out that this should not be construed as an encouragement to the responsible institutions to perpetuate the present situation, which too often consists in engaging auxiliary staff to fill permanent posts. It furthermore took note with satisfaction of the fact that Regulations 3 and 4, which have been amended and supplemented by a spate of new regulations, will shortly be revised so that all the provisions now governing social security for migrant workers in the Community can be incorporated in a single comprehensive text.

The Parliament then passed a resolution (1) in which it approved the EEC Commission draft regulation.

17. Social implications of the merger of the Executives

At its session on 13 May the Parliament heard a report by Mr. Léon Eli Troclet (Socialist, Belgium) submitted by Mr. Storch (Christian Democrat, Germany) (acting for the Rapporteur) on behalf of the Social Committee, on the social implications of the merger of the Executives of the Communities (2).

The merger of the Executive Commissions of the three Communities - in pursuance of the Treaty of 8 April 1965 - raises problems that are particularly complex. Indeed, when it comes to the way in which the executive bodies work, it is almost impossible to dissociate questions of structure from

(1) Resolution of 13 May 1965

(2) Doc. 38/1965-66

those of responsibility and from basic issues. It is true that the Treaty of 8 April simply entrusts the implementation of the three treaties remaining in force for the time being to one Council and one Commission but merging the Executives in fact raises all the problems involved in merging the treaties. Although the treaty setting up a single Council and a single Commission for the European Communities does not deal either with the basic issues or with questions of responsibility and although it does not for the present entail remoulding the three treaties, it is going to be difficult to understand why coal and steel workers should come under a different social legislation from that for workers in other branches of the economy except where it can be explained in terms of specific features of their work.

As a matter of political principle, the merger was fully endorsed by the Social Committee; the Committee would however not overlook any failure to meet the social commitments in which the Communities were rooted; it was examining in detail the institutional aspects of the treaty signed on 8 April 1965. In connexion with the composition of the Executive Commission the Committee deeply regretted that the principle of co-opting a trade union member had been discarded. It felt that the refusal by the Council of Ministers to extend the responsibility of the Standing Committee to embrace the steel industry boded ill for the future. With the merger of the Communities in prospect, the report also emphasized the need to organize meetings between the Consultative Committee of the ECSC and the Economic and Social Committee of the EEC as soon as the treaty of 8 April came into effect. The Social Committee stood out against any arrangement under the new dispensation which might downgrade the joint committees and stated that a sound social policy should aim at associating the trade unions ever more closely in the work of building Europe. The Social Committee trusted that there would be an improvement in relations between the Economic and Social Committee of the EEC, the Consultative Committee of the ECSC and the Parliament and that these relations would be systematized; it also reiterated its basic demand that the powers of the European Parliament be increased.

With regard to financial matters and their social implications, the Committee asked that the single commission should enjoy the same measure of independence as the present High Authority, for social policy had, mostly if not wholly, to be carried out with social policy funds.

The Treaty of 8 April in no way changed either the powers or the responsibilities of the Communities. But this raised the question of the differences between the powers and responsibilities of the three Communities taken individually. Broadly speaking, it was clear, to take only the ECSC and the

EEC, that the Executive Commission of each of these Communities has powers and responsibilities which varied according to circumstances. Was it possible therefore to avoid the problems of standardization in this sphere? The report did not think so.

The sum of responsibility to be entrusted to the future single Executive would necessarily be a matter of political choice. As regards social policy, the Social Committee suggested that there were four alternatives: to take up positions that were (a) conservative, (b) concerned to grant only the bare essentials, (c) advanced in outlook or progressive, and (d) concerned to achieve optimum conditions. The "conservative" attitude consisting purely and simply in transferring the present powers and responsibilities would, in the view of the Social Committee, be inconsistent with the spirit of the Treaties which were geared to the benefits of progress being shared. The same applied to the levelling down attitude concerned with maintaining only the bare essentials. The "advanced" or progressive solution which meant extending the powers and responsibilities entrusted to each one of the Communities individually to cover every social sphere (i.e. levelling up) would of course be a step forward, but it would be politically disadvantageous in that it would leave out of account the experience so far gained by the Communities. Hence the Social Committee came out in favour of the solution concerned to achieve optimum conditions, which would incorporate all the features of the so-called "advanced" solution but which would also widen considerably the "ratione materiae" competence and make provision for recourse to the most effective legal instruments for a genuine integration of Europe.

In continuing its examination of the social implications of the merger of the Executives, the Social Committee emphasized the need for a community employment policy as a corollary of the principle of the free movement of workers throughout the Community. Such an employment policy presupposed recasting the Social Fund and also raised the problems of occupational training, social security for migrant workers, housing policy and indeed regional policy.

There was no doubt that in terms of European integration the social policy of the Communities was lagging behind in comparison with progress in other fields now that, as a result of the forthcoming merger, a fresh start was being made the experience gained in practice from the Treaties, especially the ECSC Treaty, could provide the basis for a social policy on a larger scale. In any event, it had to be stated clearly that neither the European Parliament nor the working classes would allow anything that had been achieved so far in this sphere to be thrown in jeopardy.

This statement by the Social Committee, of what the broad outlines of an effective social policy should be, was followed by a detailed examination of the main provisions in the Treaties dealing with specific social questions such as free movement, social security systems, employment and re-development, wage protection, occupational training, exchanges of young workers, equal pay for men and women, safety at work, paid holidays and the approximation of legislation. The conclusion that the Committee drew from this analysis was that the actual merger was bound to have repercussions on the very substance of the powers and responsibilities, at least in certain fields, especially in view of the new financial system that would obtain for the coal and steel sectors. The Social Committee added that while it was not for the European Parliament to negotiate the clauses of the treaty that would in due course sanction the merger of the Communities, it would be perfectly in order for the European Parliament to be fully consulted on the proposed treaty. Social policy was one sphere where such consultations would assume special importance.

Mr. Dehousse (Belgium), speaking in the debate on behalf of the Socialist Group, felt it was regrettable that the single Commission was not to include a member co-opted from the trade unions. He strongly urged that the work of the High Authority in the spheres of redevelopment and readaptation be continued and he emphasized the need for the Executive to have adequate institutional and financial means at its disposal. He trusted that the present tendency to institutionalize the Permanent Representatives Committee would be discontinued and he called upon the negotiators of the future merger to consult the Parliament before taking any decisions in the social context.

Mr. Dichgans (Christian Democrat, Germany) warned against an approximation of any social security systems that might consist in a general alignment with the most favourable provisions; this would cripple production and cut back the margin of resources freely available to the worker. European social policy furthermore should apply only where individual national systems were inadequate; each Member State should be alive to the need itself to resolve social problems especially as regards housing and redevelopment. Finally, Mr. Dichgans disputed the right of the trades unions to be represented on the single Executive; the EEC Treaty made no provision for such representation and yet it applied to millions of workers. What would there be to prevent other social groups, such as farmers for example, asking that they, too, be represented? The speaker felt that this would be going back to a corporate Europe when the end in view was to create a political Europe. Mr. Dehousse answered this by saying that trade union representation was a political issue and that it was a question of reducing the distrust felt by trade union members and of associating them in the joint work of integration.

Mr. Sabatini (Christian Democrat, Italy), Mrs. Elsner (Socialist, Germany) and Mr. Storch (Christian Democrat, Germany) approved the conclusions drawn in the report by the Social Committee, laying stress on specific points.

Mr. Coppé, Vice-President of the High Authority, indicated that the High Authority had supported the inclusion of a co-opted trade union member in the single Executive but had received no support when it put this before the Council of Ministers. When the Communities were merged, care had to be taken that the social benefits guaranteed by the ECSC Treaty were preserved.

Mr. Levi-Sandri, Vice-President of the EEC Commission endorsed the line taken by the Social Committee to the effect that the memo to social policy ends provided for in the three Treaties needed to be approximated. A common employment policy was particularly necessary; occupational training measures also had to be co-ordinated. Lastly, workers had to be associated in the creation of Europe.

Winding up the debate, the Social Committee submitted a draft resolution to the Parliament (1) which the Parliament passed. In this Resolution the Parliament called upon the single Executive and the Council to submit a report on the social policy problems attendant on the merger. Against the background of the merger treaty, it stressed the need to work out a dynamic Community social policy, suitably endowed with legal and financial means. Finally it insistently requested that the European Parliament should be consulted before the treaty on the merger of the Communities were signed so that it might be in a position to make constructive suggestions at the proper time.

18. Protection against ionizing radiation hazards

On 13 May 1965, the Parliament heard a report introduced by Mr. Santero (Christian Democrat, Italy) on behalf of the Health Protection Committee on a draft Euratom Commission directive revising the basic health protection standards for safeguarding both the general public and the worker against ionizing radiation hazards (2).

(1) Resolution of 13 May 1965
(2) Doc. 28/1965-66

The basic standards laid down in 1959 were designed to curtail the hazards to individuals from ionizing radiation. Their field of application covered the production, treatment, handling, use, storage, transport and disposal of radio-active substances, both natural and artificial, and other activity involving radiation hazards. Effective measures were thereby laid down to ensure that the limits were respected and to reduce to a minimum the harmful effects that might result from these limits being exceeded.

The Parliament had already twice been asked for its Opinion on amendments to the basic standards and it urged the Euratom Commission to pursue without respite the study of the harmful effects of radiation, so that the basic standards might be revised or supplemented as and when necessary.

The Health Protection Committee recalled that the amendment, about which the Parliament was being consulted, originated in a letter which the German Federal Minister for Atomic Energy sent to the Euratom Commission; it approved the proposal before it. Indeed, it felt that the proposal took into account both recent scientific findings and the experience gained in recent years in applying safety standards, and that it represented an appreciable improvement on the original standards, especially as regards "exceptional radiation". It did, however, regret that the draft directive laid down no time limit by which the Member States would have to modify their legislation, regulations and administrative rules or pass new ones to enforce the new directive. The Health Protection Committee therefore proposed that a clause be included to read: "within a year dating from notice of the directive the Member States shall implement the necessary application measures and immediately inform the European Commission of their so doing."

In reply to the Rapporteur, Mr. Margulies, a member of the Euratom Commission, thanked the Committee for the help it had given the Executive in its task, adding that the revision of safety standards could not be undertaken hastily.

The Parliament then passed a resolution (1) embodying the main points in the report and an amendment submitted by the Rapporteur which was intended to clarify the wording.

(1) Resolution of 13 May 1965

19. Civil Aviation and the common transport policy

The Transport Committee took it upon itself to draft a report (1) on civil aviation in the Community; like sea transport, air transport has remained outside the scope of the EEC transport policy.

As far back as 1961, the Parliament had come out in favour of air transport being brought within the Community transport policy.

The Rapporteur, Mr. Drouot-L'Hermine (E.D.U., France) was now urging that the problem of a common policy for air transport be referred to the Council at an early date.

The Transport Committee report began by analyzing whether the EEC was competent to deal with air transport. On a previous occasion the European Parliament had pronounced in the affirmative on this point. Statements made in recent years showed that the EEC Commission had also taken this view. The Council, on the other hand, assumed a different attitude. It interpreted the Treaty in a restricted manner. The report argued that this variation in the way treaty provisions were interpreted by Community bodies on the one hand and Member States on the other, was prejudicial to the balanced development of the economic activities of the Community as a whole.

If this situation were to continue indefinitely, the Commission ought to appeal to the Court of Justice for a preliminary ruling.

Since the 1961 resolution on air transport in the Community was passed, new factors had emerged, the most important of which was the resumption of the conference between representatives of four of the six national air services of the Member States, which were subsequently joined by the other two (2).

Since 1963, the Governments of the Member States had also held conferences with representatives from the six air services. The result of this was that the negotiations engaged upon to create an Air Union had assumed an inter-governmental character.

(1) Doc. 24/1965-66

(2) Air France, Alitalia, KLM, Lufthansa, Luxair and Sabena

It was at that moment, the report argued, that the EEC Commission should have intervened.

In view of the fact that the draft conference embodied clauses on competition, trade policy and taxation, i.e. matters covered by the Treaty of Rome, the Commission, as guardian of the Treaty, ought to have been given notice of the Air Union plan.

The six Governments had, however, still not reached agreement on the draft convention.

The Transport Committee urged that new moves towards a common policy be made to "relaunch" the Air Union negotiations.

Members of the European Parliament could, for example, address questions to their national Governments and to the EEC Council of Ministers. The Parliament should furthermore reiterate its proposals of 20 December 1961.

The EEC Commission is empowered to address a recommendation to the six Governments expressing legitimate concern at a draft convention on an Air Union outside the scope of the Community. It should also suggest a procedure whereby the negotiations might be initiated on the "appropriate provisions" to be taken in pursuance of Article 84,2 of the Treaty.

The following took part in the discussion of the report: Mr. Drouot L'Hermine, Rapporteur, Mr. Müller Hermann (Christian Democrat Group, Germany), Mr. Poher (Christian Democrat, France), Mr. Santero (Christian Democrat, Italy), Mr. Kapteyn (Socialist, Netherlands) and Mr. Brunhes (Liberal, France). The Commission was represented in the debate by Mr. Schaus.

Mr. Müller Hermann thought it essential to refer the matter to the Council since it was the responsible authority in this context. The speaker recalled that the aim of a common transport policy was to make air services more profitable and to organize air transport more rationally.

Mr. Brunhes submitted an amendment to the draft resolution in which the Council was asked to table this problem on the agenda of one of its forthcoming meetings so that the appropriate provisions in pursuance of Article 84,2 of the EEC Treaty might be taken without delay.

Mr. Schaus stated that the negotiations to create an Air Union were a reality that could not be ignored. The political issue arising was whether problems of civil aviation had to be dealt with within the Community context or outside of it. The speaker stressed that this was fully within the terms of reference of the Community.

The EEC Commission felt that the Treaty applied to both air and sea transport, subject to the specific terms of Title 4 where a Council decision was required.

Mr. Schaus then recalled the moves made by the Commission to solve this problem and he refuted the criticism that had been levelled at the EEC Commission on this subject.

In conclusion, Mr. Schaus assured the Parliament that as soon as it was in possession of the report being prepared by the Governments on the outcome of the Air Union negotiations, the EEC Commission would assume its responsibilities and take the necessary steps in pursuance of the Treaty provisions. He pointed out that in the view of the Governments the Air Union convention would contain no provision that was inconsistent with the Treaty of Rome.

In the resolution which embodied the amendment tabled by Mr. Brunhes, the Parliament called for concrete action at the Community level.

It felt that the EEC Commission should as soon as possible undertake the necessary technical and economic studies that the Parliament had already requested at an earlier date, with a view to drawing up concrete proposals for the Council regarding a Community system of air transport.

The Parliament further called upon the EEC Commission to take all other necessary steps to place before the Council at an early date proposals concerning the procedure to be followed and the means to be used in pursuance of Article 84,2 for settling air transport questions so as to arrive at a genuine Community policy consistent with the spirit of the EEC Treaty.

In conclusion, it reiterated its request to the EEC Council to include this question on the agenda of one of its forthcoming meetings so that the appropriate provisions in pursuance of Article 84,2 might be taken at an early date.

II. WORK OF THE COMMITTEES OF THE EUROPEAN PARLIAMENT

Activity of the Committees in May 1965

Political Committee (1)

Meeting of 3 May 1965 in Brussels: discussion attended by members of the ECSC High Authority of those parts of the Thirteenth ECSC General Activity Report within the terms of reference of the Political Committee and of the ECSC High Authority Political Report. Discussion, attended by members of the three Executives, on the problems of the merger of the Executives in connexion with the powers of the European Parliament and the democratization of the Communities.

Meeting of 6 May 1965 in Paris: examination and adoption of the Opinion by Mr. Illerhaus on EEC Commission proposals to the Council with regard to:

- I. Financing the common agricultural policy
- II. Independent revenues for the EEC
- III. Strengthening the powers of the European Parliament.

Meeting of 10 May 1965 in Strasbourg: examination of the Opinion by Mr. Fernand Dehousse on those parts of the Thirteenth ECSC General Report within the terms of reference of the Committee.

External Trade Committee (2)

Meeting of 31 May 1965 in Paris: At a meeting attended by members of the EEC Commission, discussion and adoption of a draft Opinion on the EEC Commission draft regulation to establish a common market organization for fats (Rapporteur: Mr. Kriedemann). Discussion, attended by members of the EEC Commission, on a draft Opinion on special provisions for seed oils and oil seeds imported into the Community and originating in the AASM and the Associated Overseas States and Territories (Rapporteur: Mr. Kriedemann).

Agricultural Committee (3)

Meeting of 4 and 5 May in Brussels: Approval of a draft Opinion by Mr. Vredeling, to be referred to the Budget and Administration Committee, on financing the common agricultural policy, resources available to the Community itself and strengthening the powers of the European Parliament. Examination and adoption of a draft report by Mr. Lardinois on an EEC Commission proposal concerning a Council resolution for an acceleration in respect of certain agricultural products. Mr. Mansholt, Vice-President of the EEC Commission attended the meeting. Exchange of views with Mr. Mansholt, Vice-President of the EEC Commission, on the organization of the world cereal market. Introductory statement by Mr. Baas on a draft regulation concerning Community grants to promote and simplify the training of advisers for the information departments and to enable those working in agriculture to change their occupation, and a draft regulation on Community grants towards re-training persons working in agriculture and seeking to change their trade while still remaining in agriculture. Examination, article by article, of a draft regulation for a common market organization in the fats sector.

Meeting of 19 May in Brussels: Resumpted examination of a draft report by Mr. Richarts on EEC proposals concerning the vegetable fats sector. Examination of a draft Opinion by Mr. Dupont, to be referred to the Budget and Administration Committee, on proposals concerning the provisions to be taken by the Council in pursuance of Article 201 of the Treaty and concerning a levy on fats. Examination and approval of an Opinion by Mr. Dupont, to be referred to the Committee for Co-operation with the Developing Countries, on a draft regulation introducing special provisions for oleaginous products originating in the Associated African States and Madagascar and the Overseas States and Territories, on importation into the Community. Examination and approval of a draft opinion by Mr. Dupont, to be referred to the Parliamentary Committee of the Association, on a draft regulation concerning the import of fats from Greece. Adoption of an opinion by Mr. Baas, to be referred to the Social Committee, on a draft regulation on Community grants towards retraining persons working in agriculture and seeking to change their trade while still remaining in agriculture.

Social Committee (4)

Meeting of 3 May in Brussels: Resumed study of the draft Opinion by Mr. Pétre on the social chapters of the 13th ECSC General Activity Report. Study of two EEC Commission draft regulations submitted to the Council concerning financial assistance by the Community for the occupational retraining of agricultural workers seeking to change their trade and financial assistance for training agricultural advisers (Rapporteur: Mr. Sabatini).

Meeting of 20 May in Brussels: Adoption of the draft report by Mrs. Elsner on draft regulations designed to make interventions by the European Social Fund more effective. Study of the draft report by Mr. Sabatini on a draft regulation concerning financial assistance by the Community for retraining agricultural workers seeking to change their trade.

Meeting of 24 May in Luxembourg: Resumed study of Mr. Sabatini's report.

Meeting of 28 May in Brussels: Adoption of the draft report by Mr. Nederhorst on the application of the social provisions in Article 118 of the EEC Treaty. The draft report by Mr. Berkhouwer on manpower problems in the Community in 1964 was adopted.

Internal Market Committee (5)

Meeting of 13 May in Strasbourg: Examination of and a vote on the opinion drafted by Mr. Deringer on those parts of the 13th ECSC General Activity Report coming within the terms of reference of the Committee.

Meeting of 20 and 21 May in Berlin: Examination of the draft report by Mr. Leemans on the Euratom Commission proposal to the Council to amend the provisions of Title II, Chapter VI, of the Euratom Treaty (Supplies). Exchange of views with the President of the Bundeskartellamt and his colleagues on the working methods of that organization.

Economic and Financial Committee (6)

Meeting of 13 May in Strasbourg: Adoption of an Opinion drafted by Mr. P.J. Kapteyn on those parts of the 13th ECSC General Activity Report coming within the terms of reference of the Committee. Mr. Coppé, Vice-President, and Mr. Reynaud, a Member of the High Authority, were present. Adoption of an opinion, drafted by Mr. Bousch for the Internal Market Committee, on an EEC Commission proposal on a directive concerning indirect taxation on capital issues.

Committee for Co-operation with the
Developing Countries (7)

Meeting of 28 May in Paris: Examination and adoption of Mr. Aigner's Report on the EEC Commission proposal on special provisions for oil-seeds and seed-oils imported from the Associated African States and Madagascar and the Associated Overseas States and Territories. Examination of a draft resolution by Mr. de Lipkowski on the agreement between the EEC and the Lebanon.

Transport Committee (8)

Meeting of 12 May in Strasbourg: Exchange of views with Mr. Schaus, a member of the EEC Commission, on the outcome of the most recent Council session and on future prospects.

Energy Committee (9)

Meeting of 6 May in Brussels: Examination and adoption of a draft opinion on those parts of the 13th General Report on the activity of the ECSC coming within the terms of reference of the Committee (Rapporteur: Mr. Bousch). Examination of a Euratom Commission proposal to the Council of Ministers to amend the provisions of Title 2, Chapter VI of the Euratom Treaty (Supplies).

Meeting of 13 May in Strasbourg: Examination and adoption of a draft Energy Committee Opinion, to be referred to the Internal Market Committee, on a Euratom Commission proposal to the Council of Ministers to amend the provisions of Title 2, Chapter VI of the Euratom Treaty (Supplies) (Rapporteur: Mr. Nederhorst).

Committee for Research and Cultural Affairs (10)

Meeting of 5 May in Paris: Examination and vote taken on the draft of the second supplementary report by Mr. Pedini on the state of progress in the Euratom research programme. Exchange of views on the statement made to the Committee by Mr. Bourguignon, on behalf of the EEC Commission, on technological progress and scientific research in the European Community. Exchange of views on the draft opinion submitted by Mrs. Strobel on the creation of a European Youth Office and by Mr. Seifriz on establishing European schools to prepare candidates for higher education.

Meeting of 25 May in Brussels: Exchange of views, attended by representatives of the EEC Commission, on technological progress and scientific research in the EEC and on the Note from the French Government on working out a common policy for scientific and technological research. Appointment of a member to draft the Opinion for the Committee, to be submitted to the General Rapporteur of the European Parliament, on those parts of the 8th General Report on the activities of Euratom coming within the terms of reference of the Committee.

Health Protection Committee (11)

Meeting of 21 May in Brussels: Adoption of a draft report by Mr. Fohrmann on the EEC Commission draft Recommendation to Member States on health checks for workers exposed to special hazards.

Budget and Administration Committee (12)

Meeting of 24 May in Luxembourg: Exchange of views, attended by members of the High Authority, the Social Committee, the Economic and Financial Committee and the Committee for Research and Cultural Affairs, on the rate of the ECSC levy for the budgetary year from 1 July 1965 to 30 June 1966.

Legal Committee (13)

Meeting of 6 May in Paris: Exchange of views, attended by representatives of the three Executives, on an approximation of European legislation. Various procedural questions.

Meeting of 20 May in Brussels: Adoption of the report by Mr. Weinkamm on the approximation of European legislation. Various procedural questions.

Committee for Associations (14)

Meeting of 4 May in Brussels: Discussion, attended by members of the EEC Commission, on the state of progress in the Association between Greece and the Community. Examination of an EEC Commission draft regulation to the Council concerning imports of fats from Greece. Discussion on relations to be established between the European Parliament and the Parliament of the Turkish Republic.

Meeting of 24 May in Luxembourg: Examination of the Second Activity Report of the EEC-Greece Council of Association. Examination of a working paper by Mr. Lückner on the Second Activity Report of the EEC-Greece Association Council. Discussion of the EEC Commission proposal to the Council on the import of fats from Greece.

Sub-Committee
of the External Trade Committee, the
Agricultural Committee and the Committee for
Co-operation with Developing Countries, on
the stabilization of world raw material markets

Meeting of 26 May in Brussels: Examination, at a meeting attended by representatives of the EEC Commission, of a questionnaire to serve in drawing up one or more working documents on the problems of stabilizing world raw material markets.

III. NATIONAL PARLIAMENTS

The Netherlands

Equal pay for men and women

In reply to a question from Mrs. Singer-Dekker (Labour Party), Mr. Veldkamp, Minister for Social Affairs and Public Health, stated that he would call upon the Labour Authority (Stichting van de Arbeid) to ensure that the obligations devolving from the EEC Treaty were met as soon as possible. He stated the reasons why it had not been possible to accelerate the process of equalizing pay in 1964, even though there had been ample opportunity to make pay increases. The Labour Authority was unable to reach agreement on this point so that the matter was finally settled in agreements concluded between professional sectors. The Minister did not consider that developments called for any appeal to the EEC Commission for a temporary suspension of the applications devolving from the Treaty.

IV. CONSULTATIVE ASSEMBLY OF THE COUNCIL OF EUROPE

Session of 3-6 May 1965 in Strasbourg

At the May session of the Consultative Assembly of the Council of Europe, Mr. Pierre Pflimlin, the mayor of Strasbourg, was unanimously re-elected President of the Consultative Assembly. In his opening address Mr. Pflimlin described the Council of Europe as the connecting link between the different economic groups in Europe and welcomed the visit of a delegation from the American Congress led by Senator Fulbright as a token of the solidarity of the peoples of the free world.

In his address after being re-elected President of the Consultative Assembly of the Council of Europe, Mr. Pflimlin dwelt at length on the European crisis. He said: "Any European policy that emerged from the personal calculations of certain statesmen or from secret encounters would sooner or later be doomed to fail. Where the wishes of the people are not taken into account nothing lasting or of moment can be created. If I personally do not lose hope and remain undeterred by the ever-increasing number of obstacles arising in our path, it is because I am convinced that our peoples, who are striving for unity in Europe, have once and for all recognized the folly of nationalism and the wastefulness of divisions." The main differences of opinion said Mr. Pflimlin, hinged not only on the method by which unity should be achieved but also on the nature of the relationship between the free part of Europe and the rest of the world. The Council of Europe had never been in favour of an enclosed Europe; it had always advocated a Europe whose doors stood wide open. The idea of Europe as a third force between the two power blocs was one that Mr. Pflimlin described as a dangerous illusion. He advocated strong relations with the United States since, without the co-operation of the United States of America, not one European problem could be solved and there would be no guarantee of that balance that was necessary to any lasting settlement. With reference to East-West relations, Mr. Pflimlin warned of the danger of the race for political and economic advantages since these would only set European countries one against the other. He advocated technical co-operation with the East at least within limits "beyond which we cannot go without foreswearing the principles that unite us."

Mr. Isik, the Turkish Foreign Minister who presented the report of the Committee of Ministers, took advantage of this opportunity to emphasize, on behalf of his country, the European vocation of his government. He pointed out that the different economic groups in Europe were only stages towards comprehensive unification and everything had to be done to prevent a further split across Europe. Mr. Isik spoke in favour

of German re-unification to which it was now in the interest of Europe to find a satisfactory solution. Mr. Borg Olivier, the Prime Minister of Malta (Malta has been admitted as the eighteenth member of the Council of Europe) referred to the European rôle of his country and enjoined politicians to follow the course of political unification in Europe.

Mr. Peter Smithers, Secretary-General of the Council of Europe, explained the main features of a programme of work which he submitted to the Committee of Ministers. The programme concerned European agreements in the technical field and involved an attempt to co-ordinate the development of the various European organizations. It was intended that countries who were not members of the EEC should be able to agree on development work within the EEC. The ultimate objective, Mr. Smithers said, was to achieve "a comprehensive unity in Europe".

Mr. Fanfani, Italian Foreign Minister, called for the creation of a Europe that would present a united front in the world and that would play its full part in helping to raise the general standard of living of mankind. Mr. Fanfani called on the Assembly not to be misled into thinking that its powers were only limited; the Assembly represented millions of Europeans and was one of the forerunners of the future European people conceived over a hundred years ago by Giuseppe Mazzini. Mr. Fanfani said that his Government supported the Secretariat's plan with regard to an action programme. He further stated that the Italian Government would constantly reiterate its proposals for political union in Europe.

Senator Fulbright and Congressman Wayne L. Hays (Democrat, Ohio) spoke in the debate for the American delegation; the latter was extremely critical of France, without mentioning her by name, because she was seeking to bring economic pressure to bear on America. Mr. Fulbright, Chairman of the Senate Committee for Foreign Affairs, believed that the Gaullist European policy would lead to a settlement of the German question in a manner that would be satisfactory only to the Soviet Union. It was unrealistic to exclude the U.S.A. and the U.K. from negotiations over Germany. He said that the aim of the West was not only the reunification of Germany but also the unification of Europe.

Mr. Walter Padley, British Under-Secretary of State for Foreign Affairs, said that it was the wish of the United Kingdom to contribute to the economic and political integration of Europe. Britain could he said, make her presence felt in the world if she co-ordinated her foreign policy. For this reason he believed that the creation of a united and democratic Europe, in which the United Kingdom could play its full part, had to be the first objective of British policy. The economic objective

was the creation of a united European market out of the EEC and EFTA to which other states could accede. The British Minister felt that economic and political unity had to be achieved together.

Mr. Czernetz, the Austrian Socialist, Rapporteur for the Economic Committee, discussed the differences between the EEC and EFTA which seemed to weigh so heavily at present. With reference to the EEC he spoke of a "dangerous trend towards self-sufficiency". Mr. Czernetz emphasized the significance of the Kennedy Round; if it failed the political repercussions would be serious.

At the close of the session, President Pflimlin stated that the most important achievement of the May session of the European Council of Europe lay in the "solidarity between Europe and the USA" which had found expression in the attendance of the American delegation. This experience should be taken further in order "to achieve a successful transatlantic dialogue". (Council of Europe, Consultative Assembly AS (17) CR 1-6)