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P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

Chronological summary

- 1 January 1965            EFTA and the EEC propose a further  
10 per cent lowering of their internal  
tariffs.
- 13 January 1965         The EEC Commission suggests 1 July 1967  
as the new date-limit for the full  
implementation of the customs union.
- 19 and 20 January 1965 Meeting of President de Gaulle and  
Chancellor Erhard at Rambouillet.

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### 1. Meeting between de Gaulle and Erhard at Rambouillet

Following the talks held at Rambouillet between General de Gaulle and Federal Chancellor Erhard on 19 and 20 January, the following statement was issued from a German source: "The President of the Republic and the Federal Chancellor expressed their common determination to step up co-operation between the Federal Republic and France.

With regard to European policy they agree that, following the final decisions on the Common Market taken at Brussels in December 1964, the time has come to re-examine the problems of political co-operation.

Proposals on this subject have been made on all sides and particularly by the Federal Government. The two Governments propose to get in touch with the other member Governments of the European Community with a view to holding the necessary talks and arranging meetings in the near future at the different levels.

They sincerely hope to find that their approach to the question is shared by their partners.

The President of the French Republic, like the Head of the Federal Government, considers that until the German question is settled by reunification on the basis of self-determination there can be no guarantee of lasting peace. The questions arising in this connexion will naturally be discussed with the British and American Governments with a view to reaching agreement on a common line of action."

Writing in "Le Monde" of 22 January on the political revival of Europe, Mr. André Fontaine stated that General de Gaulle and Federal Chancellor Erhard had agreed to suggest to the members of the European Community that a summit meeting should be held once the various problems still outstanding in the Common Market have been settled. In view of the probable schedule of work, this meeting would presumably not be held before July. In the meantime a meeting of foreign ministers might be considered. This would probably be held in Rome in two months' time and could be prepared by the former Fouchet Committee which had become the Cattani Committee since the Secretary-General of the Italian Ministry of Foreign Affairs had succeeded the present Minister of Education as its chairman.

It appeared that the Head of State had expressed interest in the recent Bonn and Rome proposals and in the ideas of Mr. Paul-Henri Spaak, but had displayed some reserve as regards the setting up of a permanent organization - whether a "committee of wise men" or a "commission" modelled on the EEC Commission - since he could not clearly see what rôle it could play. Indeed he intended above all to leave intact the absolute sovereignty of States. The legal basis for this meeting would be the declaration made at Bad Bodesberg on 18 July 1961 by the Heads of State or Government of the Six expressing their intention to "give shape to the will for political union, and for this purpose to organize their co-operation, to provide for its development and to secure for it the regularity which will progressively create the conditions for a common policy and ultimately make it possible to embody in institutions the work undertaken." (Le Monde, 22 January, 1965)

2. President Hallstein addresses foreign journalists at Bonn on the aims of the Rome Treaty

On 26 January 1965 Professor Walter Hallstein, President of the EEC Commission, addressed foreign journalists on the political union of Europe.

Mr. Hallstein stressed that if the present tempo was maintained the Common Market could become established two years ahead of schedule. Thereafter efforts to achieve integration would also have to be extended to external and defence policy.

The difficulties in reaching agreement on the cereals price would probably never have been surmounted without the mediation of the EEC Commission. The plan for political co-operation in Europe would therefore have to embody institutional features reflecting common interests.

Mr. Hallstein described the final goal of the Rome Treaty as a federal, not a federated, Treaty - in other words, a Federal State of Europe. He wound up his remarks by stressing the need for an institution to serve the common interest and maintain continuous contact with each and every State.

The proposals for political union put forward in September by Mr. Spaak, Belgian Foreign Minister, were on similar lines. Mr. Spaak shared the view that the successes achieved by the

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Common Market were owed to the dialogue conducted between the Commission and the individual member Governments. This was why he had demanded that the nucleus of a Community organ should be set up for the preliminary phase of European unification.

### 3. The Federal Government and political union in Europe

At a press conference held on 15 December 1964 Federal Chancellor Erhard expressed considerable optimism regarding the political future of Europe. He described the Brussels agreement on the cereals price as a "break-through" which could not but have a stimulating effect on the move towards European integration. To speak of a break-through was not - he believed - an overstatement; there were unmistakable signs of a revival, of new hope for the political and economic integration of Europe.

The Federal Chancellor described the agreement reached in Brussels as a well-balanced foundation for the political union of Europe. He mentioned that Messrs. Schröder and Couve de Murville had held talks with a view to calling a conference of the six EEC States. He also referred to the Fouchet Plan and to the German and Italian proposals for Europe, and stressed that the Netherlands too were in favour of political negotiations.

On 21 December 1964 Dr. Erhard repeated his views on the political integration of Europe which he insisted should not under any circumstances be deferred. The plans of the Federal Government, which took account of the views of the remaining partners, held out real prospects of arriving at a unification formula. In this connexion he saw no grounds for talking of a NATO crisis and spoke with satisfaction of the latest Franco-American rapprochement on a common military strategy.

As regards relations with the countries of the Eastern bloc, Dr. Erhard felt that political contacts could also be fostered through trade. He called for better political relations between eastern and western Europe and emphasized that the Federal Government regarded trade first and foremost as a political instrument.

In the Federal Government's progress report for 1964 Mr. Schröder, Federal Foreign Minister, stated that the drive for European unification would be kept up in the coming year



and that everything would be done to initiate talks with the Soviet Union. Mr. Schröder also advocated improving relations with Eastern Europe in order to correct the "distorted image" of Germany that was prevalent in these countries. He maintained that activity in these states should not be confined exclusively to East German officials.

On 23 December 1964 the Speaker of the Federal Government, Secretary of State Von Hase, announced a conference of the heads of Government of the European Community on the political union of Europe for the purpose of imparting fresh impetus to the drive for unification. This represented a departure from the Federal Government's previous attitude, which had been that before such a conference could be held a minimum programme would first have to be drawn up. Although this new drive for European unification was no doubt largely due to the settlement of the cereals price question, it was felt in Bonn that this conference could lead to a further step forward. Asked whether preparations for the political union of Europe did not at present hinge on the progress made in connexion with a European nuclear fleet, Mr. Von Hase did not reply. From statements made it emerged that the Federal Chancellor would first focus attention on making preparations and drawing up an agenda for a European Conference. (Bulletin of the Federal Government's Press and Information Service, No. 187, December 1964; Neue Zürcher Zeitung, 17 December 1964; Frankfurter Allgemeine Zeitung, 22 and 24 December 1964).

#### 4. The European Movement on a political Europe

In Paris on 16 January the International Council of the European Movement held a meeting which was presided over by Mr. Maurice Faure, re-elected to the chair. At the close of the proceedings, a communiqué was issued stressing the urgency of a merger of the Executives and the need for democratic supervision based on direct elections to the European Parliament and on an increase of its powers. The communiqué went on to point out that, in accordance with the Treaty, European decisions would from 1966 have to be taken not unanimously but by a majority - a basic requirement for any real Community.

The International Council reaffirmed the need for a political Europe within which Member States could deal with foreign policy and defence problems in common. Such an arrangement would be acceptable only if, at the very least, a dialogue was established between a body representing Member States and an independent body responsible for making proposals in the Community

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interest, and if that dialogue was made the subject of reports to the European Parliament. Moreover, this would have to be regarded as an interim arrangement.

Finally, the International Council defined the main objectives of the Movement's future activities as follows: "To study the possibilities in a nuclear age of a common European defence policy within the framework of the Atlantic Alliance and its implications for the creation of a political Community; to make arrangements for a working session in Copenhagen in June 1965 to thrash out ways and means of ensuring a broader-based Europe; and to make plans for an international congress to be held in France in October 1965. (Le Monde, 19 January 1965)

## II. ECONOMIC POLICY AND INDIVIDUAL SECTORS

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### 1. Resolution of German Chamber of Commerce and Industry on energy policy questions

In a resolution published at Bonn on 26 January 1965 the Deutscher Industrie- und Handelstag (German Chamber of Commerce and Industry) explained its views on energy policy, and called in particular for the establishment of a common energy market.

The resolution covered the following points:

1. The present state of the energy market is characterized by disparities in costs and returns in the coalmining industry and by the low prices of fuel oil. The quest for an energy policy to meet this situation should not be allowed to give rise to hasty decisions unduly influenced by principles of economic planning. The provision of a guaranteed market for specific outputs was in particular rejected.
2. Production should be concentrated on the most economic pits, and in such a way as to avoid damaging economic and social interests. The colliery rationalization measures already introduced should be extended and backed up, and readaptation aids tailored to market conditions.
3. The DIHT further advocated the "maintenance of energy coal reserves covering minimum domestic requirements, taking into account the fact that the current low prices of fuel oil are sure to rise". It felt that the establishment of a common energy market would open up fresh opportunities more in line with the potential of the German coalmining industry. The cost of maintaining emergency stocks of coal represents a charge on public funds that could not be offset by a steep rise in energy prices, since this would be detrimental to undertakings with a high energy consumption. Any measure that was out of step with market trends should therefore be avoided. Limits had to be set both on the burden to be borne by national budgets and on the degree to which emergency reserves were subsidized.
4. The DIHT welcomed the announcement by the mineral oil industry that it would not expand its fuel oil capacity unduly. Because of this, and the threat that fuel oil quotas would be made subject to licences, it was hoped that German fuel oil prices would become aligned to those in force abroad.

Conversion to fuel oil would thus not be artificially encouraged and coal - no longer exposed to distorted conditions of competition - would have a chance to hold its own.

5. The resolution calls for the setting up of the common energy market within the EEC as rapidly as possible. Special emphasis is placed on the following requirements:
  - a) Open markets and a common policy on energy imports;
  - b) Identical competitive conditions for the various energy sources;
  - c) Standard criteria for the granting of subsidies for energy reserves in the coalmining industry, i.e. rejection of rigid economic planning and the provision of facilities geared to market conditions for the energy sector of the Common Market.

## 2. The future of European agriculture

"The future of European agriculture" was the subject for discussion at a dinner held on 20 January by the 'Centre chrétien des patrons et dirigeants d'entreprises français' (French Institute of Directors) at which Mr. Edgard Pisani, French Minister for Agriculture, spoke about the part that the common market for agriculture would play in the Europe of the future.

Before going on to deal with more distant prospects Mr. Pisani discussed the immediate future. He called to mind the significance of the agreement reached on 15 December and emphasized the need for the measures decided upon in regard to cereals to be applied to other products at an early date; the next six months, he said, would be decisive. Any increase in cereal prices which was not coupled with other price increases was liable to boost vegetable production and lead to a decline in animal production. One example of this was that the wheat acreage sown this year had risen considerably.

"Agricultural Europe", the future pattern of which would be determined at the end of June, had already, Mr. Pisani stated, been brought face to face with the rest of the world at the Geneva negotiations on freeing international trade. The Minister

for Agriculture drew attention to the chaotic state of world agricultural markets and the advisability of organizing these markets. The Geneva negotiations, he added, also raised the problem of the Community's future, since Europe's interests were being defended there by a delegation which had no political power. Mr. Pisani felt that the six countries of the Common Market had here forged links which transcended economics and technology.

After this reference to political Europe, Mr. Pisani returned to more immediate prospects. He outlined the dangers inherent in the recent Brussels agreement. "Regulating maize prices, pegging barley prices and raising wheat prices is going to boost soft-wheat production and lower Europe's secondary cereal production capacity. Maize producers in south-west France, for example, may stop growing this crop. A scale of prices more consistent with objective realities has therefore to be worked out". Otherwise the rise in wheat prices was likely to create illusions among producers in the less favoured regions as to its profitability. Mr. Pisani also spoke of his disquiet about meat production. In order to meet increasing consumption Europe would have to resolve some difficult structural problems involving both producer and consumer. Finally, sugar-beet production was going to become concentrated in a smaller area. Thus, as the Minister showed, the prices set would lead to appreciable changes in the geographic pattern. Such changes were inevitable but due attention should be paid to making suitable arrangements on behalf of the farmers concerned. On the problem of milk and meat prices, Mr. Pisani felt that it would be easier perhaps in 1966 to set a single price for meat than for milk or sugar, especially in view of the anomalies resulting from subsidies paid out in the Netherlands and the Federal Republic.

The emergence of the common agricultural market would, stated Mr. Pisani, involve far-reaching changes in France. Small farms would have to go. New management staff would have to be found especially in the field of co-operation and some way would have to be found of preventing co-operatives, whose size and technical range were increasing, from becoming remote from the farmer. The Minister concluded his survey of agriculture in Europe by stressing that the family farm which was necessary to the psycho-sociological balance of the European world had, if it were to survive, to amalgamate. (Information Bulletin from the Ministry of Agriculture - 23 January 1965)

3. The development of nuclear energy in France - prospects and problems

At its session of 15 December 1964 the Economic and Social Council discussed a report by Mr. R. Fillon on the prospects and problems of developing nuclear energy in France, and it passed the following Opinion:

- "1. The original option made by France, in favour of natural uranium reactors to produce energy, is further justified by its compatibility with the more advanced technique of heavy-water-moderated reactors and by the facts that they have a high plutonium yield; this will pave the way for the next generation of breeder reactors very effectively; these will give the most profitable fuel cycle under the most economic conditions for large-scale production of electricity from nuclear sources. From this standpoint the programme now being pursued by the French Atomic Energy Authority is highly coherent and the priority which both this Authority and the French Electricity Authority have given to developing the gas-graphite string for industrial use follows a logical pattern.
2. The progress made or expected in the near future with the gas-graphite string and the prospects that it holds out for competitive economic conditions in the near future enable France to take the relevant industrial decisions with a certain amount of confidence. These spring from the need now to call on an increasing supply of nuclear energy to supplement thermal electricity production. Consequently this natural-uranium gas-graphite string will be the one used in the case of the vast majority of power plants to be set up in the years ahead in continuation of the process of harnessing nuclear energy to the nation's needs.
3. Carrying out a large-scale programme to produce electricity from nuclear sources will involve an annual uranium consumption which in about ten years time may exceed French national resources - it being assumed these are used at a reasonable rate. After 1975 the demand on the world market will rise rapidly. In the interests of our economic expansion, our nuclear fuel policy must provide the maximum of independence and supply security; it must do this by recourse to any method likely to increase our future uranium resources and to diversify the sources of our uranium supplies:

- a) It would be expedient to take the necessary measures to promote a new prospecting drive in France itself. This drive should be coupled with improvements in research and ore treatment methods, especially in regard to low grade ore. Research already initiated in French-speaking countries in Africa should be vigorously pursued.
  
  - b) It might be advisable to conclude long-term contracts with foreign producers to ensure a steady supply of ores. The present state of over-production and marginal uranium supplies could be turned to advantage for low cost stock-piling purposes and low interest loans should be made available to this end.
  
  - c) Yet it is above all imperative to stimulate French capital investment both public and private to ensure that France has a direct share in world uranium production on a par with its share in world oil production. This could be done through a large-scale prospecting drive in areas of the world believed to be uranium bearing but where exploring for deposits has still to be developed.
4. The Fifth Plan will be able to base its nuclear programme assessments on technical and economic data that have now been corroborated. It would be reasonable to regard the new national programme as ready to go into industrial operation; it is no longer at the experimental, pre-commercial stage. This implies that the opportunities offered by nuclear energy must be given full rein to check the tendency to import an increasing amount of energy and to lessen the effect of our being dependent for energy on outside sources; for this is a situation we should not accept without demur. The priority given to nuclear energy should not, however, compromise the normal exploitation of fossil fuels from national sources nor involve any reduction in hydro-electric schemes; for these two sources of energy are essential to our energy supply security.
5. The Fifth Plan should therefore step up the rate of nuclear plant construction and the necessary funds should be guaranteed to the French Electricity Authority so that these construction operations can form part of investment programmes without compromising the normal development of the French grid. At least twice as many nuclear power station schemes will have to be launched as in previous years.
- a) During the five years from 1966 to 1970 a nuclear power programme should be launched with a view to producing a minimum capacity of 2,500 MWe.

- b) In view of the promising results obtained from the third French Electricity Authority power station, it would be advisable to make provision for an additional programme of 1,000 to 1,500 MWe. This could be launched during the second half of the Fifth Plan bringing the planned capacity target up to 3,500-4,000 MWe. When these power stations come into service around 1975, we shall have an installed capacity of 5,500-6,000 MWe which will mean a production potential equal to 15 or 17 per cent of the estimated electricity consumption at that date. Set against the background of France's overall energy requirements, nuclear energy would be meeting 5 per cent of these needs in 1975. This increase in pace in the second half of the Fifth Plan would give nuclear energy a position in the supply scale which would still be relatively moderate. Deciding in favour of such a level would however place us in a more favourable position as regards problems of supply security, supply prices and appropriations to pay for these supplies in ten years time. This would help to improve the competitive position of our industries; these must be able to compete at world level and especially at Common Market level. It would not appear to be in any way beyond the capacity of our nuclear energy industry to carry out this programme. At the same time, a decision to carry through a fairly vigorous construction drive as part of the Fifth Plan would provide our nuclear engineering industry with more and steadier business; this it must have if it is to grow in its capacity to face up to tasks which, in the fairly near future, will be on a much larger scale. In particular this programme would enable us to maintain full employment for teams of engineers and skilled technicians; they are essential to the training of new specialists who will be needed as our nuclear industry expands.
6. a) It would be particularly advisable to make funds available to accelerate the programme involving the natural-uranium heavy-water string. Between 1966 and 1970 and preferably at the earliest possible date, due account being taken of delays with the EL4 prototype, a heavy-water nuclear power station of 300 to 500 MWe ought to be launched. If other power stations of this string are subsequently to be launched under the same dispensation as the gas-graphite power stations, it would be advisable simultaneously to increase the industrial heavy-water producing capacity now operational in France. The advantages of lower fuel consumption for the same energy yield is the decisive argument in favour of using this string. This hinges both on the problem of uranium consumption and that of France's energy supplies.



- b) With an eye to the future, appreciable financial and intellectual resources should be made available to continue studies into breeder reactors. It is hoped that the Fifth Plan will make suitable appropriations to follow our research reactor in the 1966 to 1970 period with a prototype power reactor of at least 100 MWe; this would bring us up to the level already reached by the major nuclear powers in their fast-reactor experiments.
7. The French nuclear industry, which has mastered the gas-graphite string techniques and which will probably have mastered the heavy-water string techniques in a few years time, should be able to win a place on the international market commensurate with the technical level achieved in France in the industrial applications of nuclear energy and with the research and production facilities which this industry has acquired on its own initiative.

The export of materials, equipment and engineering facilities for nuclear plants ought to be stepped up but the main effort should be directed at selling power reactors and power stations, since in the long run these dominate the nuclear trade. It is essential to solve the financial problems contingent on this type of export. The nuclear industry should endeavour to concentrate its research facilities and step up its sales promotion abroad; at the same time export promotion should be helped through financial support from the public authorities in a way more adjusted to its needs. The general measures which the government took in 1963 in favour of capital equipment exports should be further supplemented. The nuclear industry might for example be given backing in those cases where it had to give a financial undertaking to guarantee the performance, working life and safety of the equipment exported. In this way our trading capability would be more clearly in line with those of our main competitors. This would effectively help the national industry to gain a footing in a nuclear market whose two main features are still competition and vast development opportunities. (Official Gazette; Opinion and Reports of the Economic and Social Council - 19 January 1965)



### III. EXTERNAL RELATIONS

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1. Proposals by Mr. Willy Brandt, Chairman of the SPD, for closer relations with the States of Eastern Europe

The views of Mr. Willy Brandt, SPD Chairman and Mayor of West Berlin, on relations between the countries of western and eastern Europe were published at Bonn on 25 January 1965. These views are contained in a memorandum ("Uber Beziehungen zu ost-europäischen Staaten und Völkern") which he had passed on to Mr. Dean Rusk - at the U.S. Secretary of State's request - in August last year.

Mr. Brandt opens with the statement that political thinking in the West is increasingly coming round to the view that the Communist States in eastern Europe should no longer be regarded as mere satellites of the Soviet Union. His report contains a number of proposals for bringing eastern and western Europe closer together through economic and cultural co-operation. Mr. Brandt feels that "it is in the interest of the West to foster the self-reliance of eastern European countries and not to make it harder for them to avail themselves of any freedom to negotiate they may possess". He insists, however, that any relaxation of conditions in the Eastern bloc should not be allowed to lead to any slackening of Western co-operation.

Mr. Brandt warns against entertaining illusions as to the nature of the east European régimes, but feels it would be folly to impose any form of ideological barrier on communications with eastern Europe. The West should concentrate on cultural and economic measures and in all cases respect the military and ideological position of the Eastern bloc partners. It was essential to establish good relations with these countries in order to support, or even speed up, the process of liberalization now going on there.

Mr. Brandt goes on to point out that the eastern European countries are not developing on uniform lines, a fact of which the policy of the West should take due account. Decisions covering all these countries indiscriminately would therefore serve little purpose.

In his memorandum, Mr. Brandt also refers to relations between the EEC and eastern Europe. In his opinion, the ideas of the EEC have not been without effect on east European states. He felt it was advisable, before steps were taken to mould relations between the two parts of Europe, that agreement should be reached between the Common Market countries on the policy

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to be followed in regard to eastern Europe. Relations with the Common Market also depended in any case on the capabilities of the countries of eastern Europe and, in the last analysis, on the solidarity of the Soviet-dominated Eastern bloc.

Mr. Brandt maintains that the trade policy of the West must keep a place open for the national economies of eastern Europe while excluding "harmful political influences". The conditions at present prevailing in eastern and western Europe are not conducive to an expansion of trade between them. What is therefore required is financial and economic support from the West and further liberalization measures in the East. The time is not yet ripe however for either of these developments.

Mr. Brandt regards "unrestrained competition between firms and States" in the West as a disadvantage, since trade with eastern Europe is not an end in itself but must be seen against the background of overall Western policy and therefore be continuously reviewed. On the principle that the greater the exchange of information, the closer the links that can be established between the peoples, economic and cultural measures should be combined with agreements of a humanitarian nature.

The Chairman of the SPD regards the joint development of large-scale projects - such as a European energy policy covering electricity, gas and oil, and the expansion of European road, inland waterway and air communications - as of great psychological importance. What was possible between the major blocs, the USA and the Soviet Union, could equally well be achieved between the two parts of Europe. In the cultural field, films, TV shows and scientific works were being exchanged.

The Soviet-occupied zone of Germany is given special attention in Mr. Brandt's memorandum. This is because of the German policy pursued in the West (self-determination, non-recognition and the preservation of peace) and because political developments in the Soviet Union run counter to trends in the other eastern European countries and aim at establishing not their independence but further proof of their dependability.

However, in Mr. Brandt's view, liberalization between the East and West should not leave the Democratic Republic of Germany out of the reckoning, so as to lighten the lot of the citizens of that zone. Communications with the occupied zone of Germany were primarily a German affair, although possible agreements with the Western powers ought to be discussed. In the case of multilateral economic projects there was no need to rule out the participation of the Eastern zone. The recognition of

equivalent status aimed at by the Eastern zone regime could, as far as the German side was concerned, be bypassed by arranging for firms or groups of firms to act for the Federal Republic.

Mr. Brandt advocates approximating the living standard in the East to that of the West, this being in accordance with the original idea of the Marshall Plan. In the interest of the Western world it was essential however not to establish relations which, by promoting recognition of two separate States, would stand in the way of the conclusion of an overall German peace treaty.

At the present "intermediate" stage, special attention would have to be paid to communications between the Federal region and Berlin. The various points of view in the West would have to be co-ordinated with a view to arriving at an effective policy. Moreover, the general public would have to be persuaded that even moderate progress can influence the structural changes now taking place in eastern Europe and therefore help to promote - even if only in the long term - the restoration of European unity.

The general response to Mr. Brandt's memorandum in Bonn government circles was not particularly favourable. Mr. Barzel, Group Chairman of the "Union" parties in the Bundestag, pointed out that the plan put forward by the Federal Government in 1962 had gone much further. The German taxpayer could not be expected to make gifts to Communists without getting something in return.

Mr. Barzel emphasized that it was also part of the Federal Government policy to help the people of eastern Europe - "our concern is for them, not for their oppressors". What Mr. Brandt wanted to do now should not be done until after reunification. Mr. Barzel also advocated co-ordination of the West's policy towards the East but was against the establishment of relations between the EEC and Comecon (the Eastern bloc Council for Mutual Economic Aid) as this would tend to preserve the status quo as regards the German question. He held that Mr. Brandt's proposals could only be put into practice after reunification had been achieved and that his plans for cultural exchanges would even to some extent weaken the West's legal position in the Berlin question.

Mr. Majonica, CDU representative, speaking in the Deutschland-Union-Dienst, referred to Mr. Brandt's "digression" and deplored the fact that his proposals did not make a clearer

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distinction between East Germany and east European States. He emphasized that Mr. Brandt's plans gave the impression that Berlin would pursue an independent external policy, and that this would only serve to buttress Soviet Russia's three-State approach to the German question.

Answering the objection of the "Union" parties that Mr. Brandt had passed on his proposals to the U.S. Secretary of State - and later to a number of European politicians - without the knowledge of the Federal Government, the Social Democrat opposition stated that the German ambassador in Washington, Mr. Knappstein, was present when Mr. Rusk asked the Mayor of Berlin for a statement of the views which he had expressed in the course of a press-conference. (Frankfurter Allgemeine Zeitung, 26 and 27 January 1965)

### 2. Italy in international organizations: developments at the World Trade Conference

On 26 January Mr. Mario Zagari, Under-Secretary for Foreign Affairs, addressed the ISPI (Istituto Superiore di Politica Internazionale) on "Italy in international organizations: developments at the World Trade Conference."

He began by saying that in the struggle against under-development the main accent had so far been placed on trade; yet only a far-sighted international financial and monetary policy could be expected to yield more positive results. The real need, he felt, was a development fund to promote and organize a drive against under-development in all its forms.

Mr. Zagari said how valuable European integration could be in helping the third world and stressed the reasons why the industrialized countries were unable to assist the two-thirds of mankind that were becoming increasingly alienated from the new world aristocracy. The difference in the place of development was constantly widening the gulf between the two and this was the result of myopic collective egotism. The industrialized states had themselves to begin modifying their social structure. It was already agreed that to solve the problems of the Six, federal institutions were necessary that would give democratic expression to an economic and social policy at Community level. This would also serve the purpose of comprehensive planning in aid to developing countries. The division of Europe was keeping neo-colonialism going. Yet the struggle for democracy and social justice in a federal Europe was also a prerequisite for economic progress, democracy and social justice in the developing countries.

Going on to discuss how the policy of technical co-operation with the developing countries could be reactivated qualitatively and quantitatively, the speaker asserted that this highly valid form of Italian influence in the world could no longer be deferred. Particular emphasis should be attached to co-operation. Here more than anywhere else it was a prerequisite: the efforts of public authorities and economic agents should not be dissipated in an infinity of imperceptible individual initiatives; at the political level these were increasingly difficult to identify and rarely productive from an economic point of view. Italy's policy should be directed at achieving the best possible use of men and resources and at deciding which countries and sectors should be given priority. The essential condition was a general sense of duty and this presupposed on the part of economic authorities, business consultants and public authorities that they should concentrate their efforts not only where an illusion of prestige or of a political part to play or the prospect of immediate profit attracted Italy's attention but at making the most of opportunities within the framework of a comprehensive plan. (Relazioni Internazionali, 30 January 1965)





## P a r t   I I .

### THE PARLIAMENTS

#### I. EUROPEAN PARLIAMENT

Strasbourg session, 18 to 22 January 1965

##### 1. Cinematography

On 15 October 1963 the Council adopted an initial Directive on freedom of establishment and to supply services in the film industry. This confirmed the conditions governing the freedom to supply services in the film industry already in force under bilateral agreements between Member States. It freed the distribution of shorts, long documentaries and non-dubbed feature films, and gave definitions of the various classes of film, of co-production, and of the "origin" or nationality of a film.

In February 1964, the Council referred back to the Parliament a new draft Directive extending liberalization to dubbing and to the opening of cinemas specializing in foreign films in the language of the country of origin. The draft Directive also aims at lifting restrictions on import and screen quotas.

Mr. C. Scarascia Mugnozza, on behalf of the Internal Market Committee, submitted a report containing a number of comments on the draft Directive (1). He drew attention to the vagueness of the term "cinema specializing in foreign films" defined in Article 3 of the Directive. He also proposed that the suggested restrictions on imports to protect German film production should be allowed only if similar restrictions were applied to the import of films originating in one or more non-member countries..

Asked for its opinion on the draft Directive, the Committee for Research and Cultural Affairs regretted the Commission's failure to take the cultural value of films into account and felt that the crisis the industry was now going through would not be overcome by maintaining quotas and other restrictions. It also suggested that, for cultural reasons, films should be dubbed in the country importing them. The Committee further regretted that the draft Directive envisaged the possibility of introducing screen quotas in countries that had previously dispensed with them.

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(1) Doc. No. 125/1964-65.

At its session of 18 January 1965 the Parliament adopted the proposal for a Resolution submitted by the Internal Market Committee. In this it approves the draft Directive, subject to an amendment to the effect that the Federal Republic of Germany should accord its partner States the same conditions for the import of certain films as it has extended to non-member countries.

## 2. Trade in processed agricultural products

On 31 July 1964 the Council consulted the Parliament on a new application of Article 235 of the EEC Treaty. This had been suggested by the Commission and concerned trade in processed agricultural products. The procedure adopted in April 1962 for a period of three years whereby countervailing duties were levied on processed products had not been entirely satisfactory.

It had proved difficult to determine the conditions under which this arrangement should apply - both as regards the prices and quantities of agricultural raw materials incorporated in the processed products and the need to protect the interests of the industry of the importing country. Moreover, the absence of automatic protection was not conducive to the satisfactory development of the Community industries. Other difficulties had arisen in connexion with the prices of agricultural products on the domestic market, and with certain duties which had been consolidated under agreements concluded in GATT.

Mr. G. Breyné, the Rapporteur (1), approved the new system suggested by the Commission. This consists in levying a double duty on processed agricultural products: the first a fixed charge designed to protect actual processing and to follow the pattern of the common external tariff or of internal tariffs during the transitional period; the second a variable compensatory charge that would bring the prices of agricultural products incorporated in the processed product to the level prevailing for these agricultural products in the State concerned. In other words, as a result of the approximation of prices as between Member States, equalization and rebates would be abandoned in intra-Community trade. In the case of products liable to a consolidated duty under a GATT agreement, Member States would levy on each other only nine-tenths of the consolidated duty applicable to trade with non-Member countries so as to benefit from a mutual preference. The proposed arrangement would apply with only a few exceptions to the list of products covered by the previous system.

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(1) Doc. No. 124/1964-65.

In assessing levies and rebates, the composition of commodities would be determined globally on the basis of manufacturing techniques.

The Rapporteur drew attention however to the concern felt by the Internal Market Committee on the following points:

- a) the interests of the consumer for whom the proposed arrangement should not result in increased prices;
- b) the financing of rebates. These should not be charged to the Agricultural Guidance and Guarantee Fund which was concerned only with agricultural products in the strict sense of the word. The problem of financing the new system would however have to be solved as quickly as possible;
- c) the global nature of the suggested procedure, which should not be allowed to have an adverse effect on exports to third countries;
- d) the need to exclude certain products from the list previously referred to because of their low content of agricultural products, particularly where - as in the case of beer - they already enjoy ample customs protection vis-à-vis third countries;
- e) the lack of a clearly-defined procedure in the Commission's proposal for drawing up the list of products to which the new system should apply.

The Agriculture Committee was consulted on the proposal but suggested no amendment.

Mr. Breyne's report was presented and discussed in plenary session on 22 January. The Rapporteur referred to a memorandum addressed by the EEC Commission to the Internal Market Committee which had disposed of the objection raised by some members to the procedure for drawing up the list of products to be covered by the proposed new arrangement. The Parliament thereupon adopted the draft Resolution submitted by the Parliamentary Committee with the sixth item concerning this controversial point.

### 3. Double taxation of motor vehicles

The proposal submitted to the Council by the EEC Commission (doc. 30-I) for a regulation on the abolition of double taxation on motor vehicles in international transport was adopted by the Parliament without amendment on 18 January. Discussion was based on a report (1) prepared by Mr. Brunhes (France) on behalf of the Transport Committee - primarily concerned in the matter - and accompanied by an Opinion drawn up by Mr. Seuffert (Germany) on behalf of the Internal Market Committee.

In presenting his report, Mr. Brunhes pointed out that abolition of double taxation on motor vehicles was only a modest step towards harmonizing transport taxes, a measure rendered necessary by the fact that discrepancies in transport costs were in part due to differences in the taxes imposed.

Mr. Müller-Hermann (Germany), as spokesman for the Christian Democrat Group, supported the proposal. After double taxation had been abolished, specific taxes - on motor vehicles, fuel and tyres - would have to be lined up as soon as possible. In fact, the problem could not be finally solved until the investigation into infrastructure costs had been completed. However it would be better not to wait for this but to go ahead right away. Finally, Mr. Müller-Hermann urged all Community institutions to devote special attention in the coming months to questions of transport policy.

The contents of the report were endorsed by Mr. Posthumus (Netherlands), spokesman for the Socialist Group and Chairman of the Transport Committee, and by Mr. Rademacher (Germany) on behalf of the Liberal and Allied Group.

In his reply, Mr. Schaus, member of the EEC Commission emphasized that harmonization of tax systems would be a lengthy process as it would have to serve the interests of the Community as a whole and not those of a particular branch of the economy.

In its resolution the Parliament approved the proposed regulation and expressed the hope that the abolition of double taxation would soon be followed up by harmonization of specific taxes on transport and on tyres.

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(1) Doc. No. 117

4. Approximation of the provisions in force concerning the manufacture and use of stud-guns

On 18 January 1965 the European Parliament discussed a report by Mr. C. Berkhouwer (Liberal, Netherlands) on the proposal made by the EEC Commission to the Council for a directive to approximate the legal, statutory and administrative provisions on the manufacture and use of stud-guns.

The Rapporteur explained that the purpose of the directive was to end disparities between regulations in force in the Member States on the manufacture, control and use of stud-guns; the directive would require governments to introduce standardized regulations. The approximation envisaged is designed, above all, to protect the life and health of the workers and third parties by means of standard regulations. It is also designed to cut down the risks attendant on freedom of movement stemming from the recruitment of an ever-increasing number of foreign workers and generally to cut down the still very high incidence of accidents resulting from the use of stud-guns.

The first step by the EEC Commission to work out standard provisions for the whole Community to promote safety at work where tools and machines are in use was welcomed by the Committee. The approximation of the provisions in force in the Member States is essential and would provide the guarantee required by the Treaty of greater safety and better living and working conditions for the workers. The Committee unreservedly supported the Commission proposal to carry through the approximation of laws by means of a directive based on Article 100 of the Treaty. There is ample justification for the choice of Article 100 as the legal basis here, since disparities between domestic regulations have a direct bearing on the operation of the Common Market. The Committee's view was that the provisions in the directive will cut the risks of accidents to workers using stud-guns and third party risks. Barring minor reservations the Committee signified its agreement as to the reasons for the directive, the text itself and the appendices. The few amendments suggested were designed to clarify the document and to render the subsequent work of the Commission easier.

During the debate Mr. Pêtre (Christian Democrat, Belgium) and Mr. Richartz (Christian Democrat, Federal Republic) emphasized the need to approximate regulations on safety at work. Mr. Levi Sandri, Vice-President of the EEC Commission, indicated that the directive was a first step towards this approximation.

At the close of the debate the Parliament passed a draft resolution approving the text of the draft directive and calling on the Commission to submit, as soon as possible, further directives to the Council aimed at establishing European safety rules for the use of tools and machines.

5. Economic situation of the EEC

At the start of the new year Mr. Marjolin, Vice-President of the EEC Commission, delivered before the Parliament the customary statement of the economic situation of the Community.

As regards economic trends, results on the whole had been favourable. Economic growth had exceeded the estimates made at the beginning of 1964. There had been an easing of inflationary pressure in most of the Member States. Expansion had been boosted by the increase in exports and in industrial investment. Expenditure on consumer goods in both the public and the private sector had increased more slowly than in 1963.

The increase in the gross national product had been 6.5 per cent in the Federal Republic of Germany and the Netherlands, 6 per cent in Luxembourg and France, and 2.5 per cent in Italy.

Mr. Marjolin called for a change of emphasis in combating inflation in certain countries. Consumer prices had risen sharply - except in France and Italy - during the first half of 1964, but this tendency had been less marked during the latter half of the year. The position regarding foreign trade and money transfers had shown an improvement.

Turning to the prospects for 1965, Mr. Marjolin stated that a fairly high rate of growth could be expected although this would be less than in 1964. The probable slowing-down in the rise in prices would still not be sufficient. There would be no significant change in the position regarding foreign trade and money transfers.

In spite of the reduction in the rate of economic growth, it did not appear that the time had yet come for general measures to stimulate the economy. Moreover, Mr. Marjolin did not feel that steps to tighten the brakes on rising prices would be justified.

The stimulation of investment was in his opinion an essential tool for keeping a grip on the situation in a market economy. For this purpose, it was essential first to reorganize the capital market.

Mr. Marjolin wound up his analysis of the market situation by pointing out that the medium-term economic policy proposed by the EEC Commission was intended to prevent any disturbance of equilibrium. Had it been possible to pursue a longer-term policy some of the emergency measures adopted in 1963 and 1964 could have been dispensed with. This accounted for the importance the EEC attached to the preparation of the first medium-term economic programme on which it was at present working.

In drawing up this programme, account would have to be taken of important factors such as the slowing-down in the growth of the active population and the rapid rise of costs and of the standard of living. It was therefore essential to step up productivity as rapidly as possible. It was here that the public authorities would have to play a considerable rôle, particularly by co-ordinating occupational training, scientific and technical research, investments and regional policy, as well as economic policy in individual sectors.

In the coming months the EEC Commission would be putting forward proposals on regional and structural policy.

Mr. Marjolin emphasized that in the European development programme economic growth would have to be accompanied by a far-reaching social policy. Economic expansion would have to go hand in hand with internal and external stability. This was why public and financial authorities would have to try and adapt the management of public funds to existing economic requirements. A stable balance of payments presupposed the maintenance of a surplus in the current transactions of the entire Community so that necessary exports of capital to developing countries could be adequately covered. Mr. Marjolin then drew attention to the urgent need of an incomes policy. It was essential that demand for money did not increase much faster than the stock of goods available and that savings were sufficient to cover the necessary investments.

To achieve the stability desired, the following conditions would have to be satisfied:

- a) the fruits of economic expansion would have to be fairly and sensibly distributed;

- b) employers and workers would have to be consulted on major economic policy decisions affecting the volume of the gross national product and the way it is distributed.

As regards procedure, Mr. Marjolin stressed that the development problem covers five years (1966-70) but would come up for annual review. The underlying causes of divergent trends would be carefully studied.

The institutions set up made up an administrative whole which could be used in shaping and carrying out economic development policy in a modern European State established on either a federal or confederal basis. With the help of the Parliament, the EEC Commission would strive to induce the States to accept common rules and standards for all their economic, financial, monetary and social activities.

## 6. The political unity of Europe

During the course of the session on 19 January, Mr. Edoardo Martino (Christian Democrat, Italy), Chairman of the Political Committee, submitted an interim report on problems relating to the political unity of Europe (1).

The report began by recalling that at the plenary session in November the Political Committee was asked to draft a report on a proposal for a resolution (2) and three amendments submitted by various members on the problems under consideration

It then referred to concrete proposals made by certain governments in the Community for the political unification of Europe.

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- (1) See Doc. No. 128 of 15 January 1965: Interim Report by Mr. E. Martino submitted on behalf of the Political Committee on Problems Relating to the Political Unity of Europe.
- (2) See Doc. No. 103 of 24 November 1964: Draft Resolution submitted by Mr. Plevin on behalf of the Liberal and Allied Group, Mr. Dehousse and Mr. Vanrullen on behalf of the Socialist Group, Mr. Poher on behalf of the Christian Democrat Group and Mr. Vendroux on behalf of the Non-Affiliated Members (European Democratic Union).



The Political Committee would present a detailed report at the March session on all these various documents.

In the meantime, however, the Political Committee considered it necessary to call for an early meeting of Heads of State or Government of the Community countries with a view to exploring the possibility of hastening the pace of European unification.

During the course of the debate, Mr. Edoardo Martino, Rapporteur, outlined the ideas expressed in the report and recalled that the unification of Europe must not "weaken the Atlantic Alliance established between equal partners as this was still likely to play an important part."

Mr. Battista (Italy), speaking on behalf of the Christian Democrat Group, recalled the sudden standstill to which the negotiations on the political unification of Europe came in April 1962 and he trusted that contacts between the Six would be resumed with a view, finally, to achieving a union of Europe that would also be political.

Mrs. Strobel (Federal Republic), speaking on behalf of the Socialist Group, pointed out that the political union of Europe could be achieved only if it were based on common external, defence and cultural policies. Responsibility for such policies should no longer lie with the national parliaments but with the European Parliament.

Mr. Rossi (France) on behalf of the Liberal and Allied Group, stated that he supported the request that the Parliament intended making to the Heads of State or Government even though it erred on the side of timidity. The important thing was that it would act as a stimulus and that, in any case, what had already been achieved in terms of integration in the Common Market was irreversible.

Mr. G. Martino (Liberal, Italy) after stating that he supported the idea of a federal Europe as opposed to a confederation, drew attention to the desirability of going ahead towards European unification without waiting until the time were ripe to build what might be described as the ideal Europe.

Mr. de la Malène (European Democratic Union, France), stated that, at the present moment, it was idle to suppose that the same principles could operate for political integration

as those already in operation in the field of economic integration. No one imagined that political bodies could be set up which would serve as courts of appeal for the economic communities. It was not a question, furthermore, of quashing what had already been achieved in Europe but of adding it.

Mr. Radoux (Socialist, Belgium) pointed out that a prerequisite for the political construction of Europe was agreement on external and defence policies: such an agreement had not yet been reached. In March, when the problem was discussed again, it was to be hoped that the Six would find more points in common and that the Parliament would consequently be able to resume discussion on the basis of new factors.

Mr. Lückner (Christian Democrat, Federal Republic) stated that he supported a summit conference provided it did in fact constitute a guarantee that there would be progress towards European unification.

Mr. Schuyt (Christian Democrat, Netherlands) stated that his Government trusted that negotiations between the Six would be resumed. The accession of the United Kingdom did not represent a prerequisite for these negotiations, but the Netherlands still supported Britain's accession.

The debate was concluded on 20 January with the passing of a draft resolution summing up the points made in the report.

#### Common agricultural policy

7. Statement made before the Parliament on 20 January 1965 by Mr. Mansholt, Vice-President of the EEC Commission, concerning the Decisions taken by the Council of Ministers on 15 December 1964

Mr. Mansholt, after congratulating the European Parliament on the part it had played in preparing the ground for the decisions taken by the Council of Ministers on 15 December 1964, went on to discuss their substance.

Although the common agricultural policy had been in force for several years it had not achieved the results expected; markets had preserved their separate identities and there had

been no sign of an attempt by producers to make the necessary adjustment. This was why the EEC Commission had proposed in 1963 that common prices for cereals should be fixed outright and not be achieved through the gradual approximation of national prices.

The Council of Ministers - after a certain delay - had given its approval. The fact that the date adopted - May 1967 - was later than the one originally chosen was in Mr. Mansholt's view not necessarily a bad thing. In this way it would be possible to bring into being simultaneously the common market for the remaining agricultural products and for the industrial sector.

Mr. Mansholt went on to sum up the contents of the Decisions, making the following comments:

- a) The gap between the price of soft wheat and the prices of maize and barley may seem to be excessive and could perhaps lead to over-production of wheat. These price relationships will probably have to be reviewed, in the light of production trends, when annual decisions are taken;
- b) Producers of every type of agricultural product must be given the same degree of protection.

Mr. Mansholt described certain objections and doubts that had been raised regarding the complete organization of the fruit and vegetable market as typifying a barren and even dangerous attitude; in the long run it would be impossible to make any headway with the common agricultural policy if some producers enjoyed advantages over others and if guarantees and benefits varied from product to product.

As regards the consequences of these decisions, Mr. Mansholt stated that a substantial number of Community farmers were now in a position to plan their production in the light of definite objectives. Moreover, once the single-market stage had been reached it would become possible greatly to simplify Community regulations whose complexity was now a matter of deep concern. Finally, it would also be possible to conduct effective negotiations in the Kennedy Round in Geneva and to move steadily forward towards a common trade policy.

It was therefore essential that the Council should take definite steps along the traditional trade policy lines. There was no longer any room for national agreements now that the market organizations were subject to a Community system. The

financing of measures taken and the marketing of surpluses would shortly be carried out wholly on a Community basis. Decisions at Community level were therefore essential and the Commission was preparing proposals to this end.

As to the implications for the consumer, Mr. Mansholt pointed out that with the influence of raw material prices on consumer prices growing less and less, fluctuations in prices would in every case assume negligible proportions.

These Decisions were also of importance for the Community as a whole. Fears that agriculture was lagging behind had been expressed again and again, but thanks to the Decisions of 15 December agriculture was now providing the impetus for other sectors. It was from this that the initiatives taken in 1964 derived their full weight, for if the industrial sector was not in turn to lag behind, customs regulations would also have to be brought into line. A customs union had in fact now been established for agricultural products, so much so that in industry too it would be necessary to go beyond a mere tariff union.

Moreover, since Community prices were expressed in units of account, monetary transactions would no longer have any effect on fodder prices, so that the tendency to resort to such expedients would show a considerable decline.

The financing activities of the Community, and the developments that must be undergone before the Common Market was finally established, presupposed that the EEC would have sources of revenue of its own.

In this connexion, the problem of the Community's democratic structure was very clearly brought out. The national parliaments could no longer - even if unanimous - exert any influence on the complex decisions to be taken by the six ministers. The "veto" had proved an illusion whenever practical political considerations called for decisions by the Council of Ministers. If democratic structures were to be preserved, powers had to flow back from the national parliaments to the European Parliament.

As regards the EEC Commission's programme of work, Mr. Mansholt stated that this was still being discussed by the Commission and the Council.

The following Decisions were still pending:

- a) the new financial regulation to be issued before 1 July 1965;
- b) the fixing of common prices for other products such as dairy produce, sugar, beef and veal, fats and rice;
- c) the new regulation concerning fruit and vegetables;
- d) the setting up of market organizations for sugar and fats.

This represented a heavy and far-reaching programme but, given the political will manifested when the Decisions were taken in December 1964, there was no doubt but that the results would be achieved.

8. Amendment to Regulation No.23 concerning fruit and vegetables

On 15 December 1964 the Council of Ministers asked the EEC Commission to suggest amendments to Regulation No. 23; the aim here was to make it as effective in application as the other regulations on the common market organizations. These amendments were submitted by the Executive to the Council and on 16 January 1965 referred to the European Parliament for its opinion.

The Agricultural Committee was asked to study these amendments but did not have time to discuss them in any technical detail. Although the Committee agreed in principle that the regulation should be amended it expressed reservations in a report by Mr. Boscary-Monsservin (1), as to the way in which the amendments were presented. A majority of the Committee felt, furthermore, that the Executive's proposals did not tally with the intentions outlined by the Council of Ministers' resolution; it felt that the proposals were no more than a "rehash" of the provisions now in force.

During the debate held in Parliament, Mr. Boscary-Monsservin, Committee Chairman and Rapporteur, endorsed the reservations made in the report; although he could understand that the accelerated consultation procedure had bewildered some members, he felt none the less obliged to ask the Parliament, leaving the technical problems on one side, to accept the conclusions reached by the Agricultural Committee. He felt the problem was political rather than technical and that its solution was fundamental to the whole

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(1) Doc. No. 136/1964-65.

balance of the common agricultural policy. Although some of its members had proposed otherwise, the Agricultural Committee had therefore decided to debate the problem in plenary session; it stressed however that the Executive should improve the measures of safeguard envisaged so that the fruit and vegetables sector would enjoy the same safeguards as the other common market organizations.

Mr. Blaisse, Chairman and Rapporteur for the External Trade Committee, whose attention was directed at the bearing that the proposed regulation would have on trade with third countries, stated that it deserved a more detailed examination and therefore called upon the Parliament to defer its examination and postpone the debate until the session to be held in February.

The proposal was, however, rejected when put to the vote.

Mr. Baas (Liberal, Netherlands) said that there was insufficient economic justification for the protection measures envisaged in the draft regulation. The protection introduced by the regulation might "rebound" on the farmers for whom the proposals, if accepted as they stood, would mean restricting the expansion of the market. Protectionism, in his opinion, was simply a screen behind which the real problems in a given sector were concealed; these were social problems and ought to be resolved by other methods. He would, he said, therefore vote against the proposed regulation.

Mr. Mauk (Liberal, Federal Republic), while agreeing that the proposed regulation should be improved, agreed that measures of safeguard should be taken on behalf of the fruit and vegetables sector and he endorsed the main principles of the regulation. He would therefore vote in the way indicated in the report.

Mr. Sabatini and Mr. Bersani (Christian Democrats, Italy) deplored the hasty consultation procedure and stated that it was politically inadvisable to postpone studying the regulation. They discussed the special situation on the fruit and vegetables market as compared with the other common market organizations. They stated that in supporting the regulation, they intended to endorse a political line of action and make it incumbent on the EEC Commission and the Council of Ministers to take into account the real needs of the fruit and vegetables sector when actually drafting the regulation.

Mr. Lardinois (Christian Democrat, Netherlands) approved the main principles of the Executive's draft regulation but observed that the additional levy system envisaged would be ill-adapted to fruit and vegetables because of the wide variety in quality and price fluctuations. In his opinion, other measures, including a quota system in regard to state-trading countries, were necessary.

Mr. Vredeling (Socialist, Netherlands) pointed out that 60 per cent of Community fruit and vegetable imports were citrus fruits, the export of which was vitally important economically to certain third countries, such as Israel. In view of the Community's short-fall in these products, provision should be made for a system of direct aid to Community citrus-fruit producers rather than for machinery liable to increase prices. Such an approach had already been planned for durum wheat and olive oil and could therefore be extended to citrus fruits. In conclusion, the speaker stated that he disapproved of the consultation procedure followed, deploring the fact that such an important proposal for a regulation should be accepted solely on the basis of information supplied by the Executive.

Mr. Briot (European Democratic Union) stated that the proposed regulation did not appear to him to be altogether consistent with the terms of the resolution passed by the Council of Ministers on 15 December; he hoped that the Commission would keep closer to these terms. Consequently he felt obliged to express many reservations on the draft regulation submitted. He stated therefore, on behalf of his Group, that he was willing to accept the solution proposed by the Agricultural Committee for specific political reasons.

Mr. Rey, member of the EEC Commission responsible for external trade, stated that the regulation under discussion was not directed at resolving the problem of the Community's trade relations with third countries that exported fruit and vegetables: this problem would be dealt with in full during the Kennedy Round negotiations. For the moment it was merely a question of ensuring that a Community regulation worked properly. The problem of trade policy raised during the course of the debate would therefore be examined by the Executive at a later date.

Mr. Mansholt, Vice-President of the EEC Commission, stated that the scope of the regulation had been misinterpreted by some of the speakers. The fruit and vegetable question generally would be discussed again when the regulation on the complete organization of the market was examined. For the moment it was simply a question of making the necessary amendments to the present regu-

lation for reasons of equity and balance. In fact, it was a question of ensuring a more effective application of the existing countervailing charge machinery which had not yielded the results hoped for.

In reply to the various speakers, Mr. Mansholt said he did not think the deficiency payment system suggested for certain citrus fruits was suitable because Community production covered 39 per cent of its consumption. On trade in citrus fruits with non-Member countries, the speaker stated that this problem would have to be solved for the whole Mediterranean Basin in a comprehensive manner. As regards trade with state-trading countries he stated that the reference price system would be better than quotas. In conclusion, the speaker stated that he was confident that the new regulation would not lead to an increase in price for these products in view of the fact that by setting reference prices it would be the lower rather than the average price that would be taken into account.

The Parliament therefore approved the report submitted by the Agricultural Committee.

9. Participation of the European Parliament in the conclusion of trade agreements between the European Communities and third countries

On 20 January 1965 the European Parliament heard a report by Mr. Van der Goes van Naters (Socialist, Netherlands) on the lines on which the European Parliament would take part in the procedure for concluding trade agreements between the European Communities and third countries or non-Community institutions.

The EEC has already signed two trade agreements and is about to sign a number of others. The Rapporteur felt therefore that the European Parliament should, as a matter of urgency, consider the part it is to play as a supervisory body in the conclusion of such agreements. Before actually going into this question, the Rapporteur expressed some views on trade agreements in general and gave an outline of parliamentary approval procedures in the six countries. He then dealt with the procedure for concluding trade agreements under the ECSC, EAEC and EEC Treaties.



The High Authority is not, in general, in a position to conclude international agreements. As a result of this, the European Parliament is not called upon to play a formal part in the coal and steel sector. With regard to Euratom, the European Parliament plays only an indirect part. Up till now, it has never pronounced on agreements concluded by Euratom. In connexion with the discussion on the Annual General Reports of the Executive, it has only dealt with Euratom's general external relations. This situation appears hardly justifiable in regard to the agreements concluded by Euratom.

Parliamentary supervision hitherto exercised revealed - in the Rapporteur's opinion - serious gaps in regard to the conclusion of Community agreements. The Rapporteur referred in this connexion to the procedure followed in the case of the two agreements concluded by the EEC with Iran and Israel. He made two fundamental observations in this respect: a) the fact that the European Parliament had pronounced in a report on each of these two agreements is not based on any provision of the Treaty concerning trade policy. It is rather an unwritten right which is gradually becoming established here, in other words a right based on the obligation on the part of the EEC Commission to answer for its policy; b) the Parliament's influence on negotiations has up to now been exercised almost exclusively through its committees.

The Rapporteur wondered therefore how parliamentary supervision could be exercised in future. In principle, the main rôle should be ascribed to the committees concerned, as the Parliament could always initiate a debate in plenary session on the advisability of concluding a particular agreement. With regard to the practical aspects of the matter, the Rapporteur considered that the Executive Commission must always answer for its actions before the Parliament. At the level of parliamentary committees, the main interest bears on the substance of the negotiating mandate given by the Council to the Executive Commission. This mandate sets the limits within which the Community must endeavour to achieve results. The parliamentary committee should therefore, at that stage, be in a position to put forward its ideas in an exchange of views with the Executive, on the one hand, on the recommendations it makes to the Council on the pursuit of negotiations, following exploratory talks between the Executive and the third countries concerned and, on the other, on the mandate given to the Executive by the Council. The Executive would then keep the parliamentary committee informed on the general progress of the negotiations. As soon as the content of the agreement is fixed between the parties, the parliamentary committee would decide whether a report should be submitted to the Parliament. The assumption is that the Parliament retains the right to hold a debate on an agreement brought to its attention - but on which no report has been submitted - and to request the parliamentary committee

concerned to draft such a report. The procedure suggested thus tends to confine the examination procedure in plenary session to political cases only. The whole of this procedure, if it is to be efficient, presupposes loyal co-operation between the Parliament and the Executive.

Since trade relations with third countries come within the normal jurisdiction of the Parliament, the Rapporteur felt that the Council of Ministers and the Executive Commission could be relied upon to adopt the proposed procedure.

Mr. Rey, for the EEC Commission, and Mr. Sassen, for the EAEC Commission, stated that they agreed with the procedure suggested by the Political Committee in its report.

The Parliament passed the resolution proposed by its Political Committee. The Parliament considered that the parliamentary committees concerned should proceed to an exchange of views with the Executive Commission when talks with third countries or non-Community institutions are about to be initiated, in any case, before the Community puts forward the recommendations provided for in Article 113, paragraph 3, of the Treaty establishing the European Economic Community. During the course of the negotiations, the Executive Commission should keep the parliamentary committees concerned informed as far as necessary on the main question it is called upon to deal with. On the successful conclusion of negotiations and before signing the agreements, the Executive Commission should notify the European Parliament. After having studied the text of an agreement, the parliamentary committee concerned should, if it deems it advisable, submit a report to the Parliament. The Parliament should in turn, if it deems it advisable, submit an opinion on the content of the agreement.

10. Minimum number of members required to constitute a Group

On 20 January, on the basis of a report submitted by Mr. Weinkamm (Germany), Chairman of the Legal Committee, the European Parliament decided that the minimum number of members required under Article 36(5) of its Rules of Procedure to constitute a Group should be reduced from seventeen to fourteen. In presenting his report, Mr. Weinkamm said it was important to ensure that the interaction and existence side by side in the Parliament of various shades of political opinion would give rise

to a minimum of tension. This was why any rules adopted should not be imposed on a minority. The best solution, he felt, would be to leave matters as they stood at present.

In explaining the vote of the Socialist Group, Mrs. Strobel (Germany) stated that it remained of the opinion that Parliamentary Groups be of a multi-national character. The Socialist Group wanted to make it clear that while it had accepted the proposed amendment of the Rules of Procedure, it had done so owing to circumstances for which it was not responsible and of which it did not approve.

The resolution was adopted without taking a vote by roll-call.

#### 11. The sugar markets

During the course of the October 1964 session (1) the European Parliament deferred voting on the report (2) submitted by the Agricultural Committee on a regulation concerning the joint organization of sugar markets. This was due to the fact that the Parliament had been unable to obtain sufficiently detailed information on the farm price policy that would be applied in the Community. Sugar prices were directly connected with cereal prices and as the former had still not been set by the Council of Ministers the Parliament felt it was preferable to defer the study of this question. As a result of the Decisions taken by the Council in 1964 the Parliament now believed it was possible to resume and conclude the examination of this problem.

Mr. Klinker, Rapporteur, opened the debate and asked the Parliament to endorse the report and the conclusions submitted by the Agricultural Committee; at the same time he drew the attention of the EEC Commission to the problem of financing the sugar sector on a Community basis.

The speaker concluded by stating that he welcomed the various amendments proposed to articles in the regulations.

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(1) See Monthly Bulletin, November/December 1964, pp. 52-57.

(2) Doc. No. 84/1964-65.

Mr. Briot (European Democratic Union) said that his Group was also in favour of these amendments and stressed the need for sugar producers to be able to obtain satisfactory prices; he trusted that when setting these prices due account would be taken of the special market features in some countries. In connexion with the actual market organization, he stressed the need for the Community to bear in mind the interests of the Associated African States and Madagascar and the Associated Overseas States and Territories. He submitted certain amendments to this effect.

The need to take into account the interests of the Associated African States and Madagascar and the Associated Overseas States and Territories was also accentuated by Mr. Troclet on behalf of the Socialist Group, Mr. F. Vredeling (Socialist, Netherlands), Mr. Carboni (Christian Democrat, Italy) and by Mr. Mansholt, Vice-President of the EEC Commission. The latter assured the Parliament that the Commission would keep this problem under close observation and endeavour to find the most appropriate solution.

The European Parliament therefore approved the regulation with the amendments proposed by the Agricultural Committee (1) and with the addition of amendments relating to the obligations incumbent on the Member States under Article 11 of the Yaoundé Convention and Article 10 of the EEC Council Decision of 25 February 1964 concerning the Association of Overseas States and Territories.

On the other hand, the Parliament rejected amendments submitted by Mr. Marengi and Mr. Pedini (Christian Democrats, Italy) whose objects were (a) to induce Member States to set an intervention price for white sugar, (b) to enable the EEC Commission to establish production objectives for the various areas or regions of the Community and (c) to introduce a more balanced definition of the concept of a "market drive".

Mr. Lardinois (Christian Democrat, Netherlands), Mr. Boscary-Monsservin, Chairman of the Agricultural Committee, Mr. Vredeling and Mr. Lückner (Christian Democrat, Federal Republic) spoke against these amendments.

Mr. Carboni and Mr. Blondelle (Liberals, France) spoke in favour of the regulation and Mr. Kriedeman (Socialist, Federal Republic) against.

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(1) See Monthly Bulletin, November/December 1964, page 52.

12. Farm structures

During the debate of 20 January 1965 the European Parliament, consulted by the Council of Ministers, approved a draft regulation directing that a basic survey should be carried out as part of a programme of surveys of existing farm structures.

In a report (1) drawn up on behalf of the Agricultural Committee by Mr. Bading (German Socialist), the Committee recognizes the value of such a programme in providing data for the compilation of Community statistics. The report goes on to approve the period - 1965 - chosen for the initial basic survey.

As regards the number of farms to be covered by the survey, the Committee does not consider it essential to include them all. It feels that a satisfactory compromise between the desire to conduct a full survey and the need to keep expenses down would consist in investigating one farm in four.

As regards special surveys covering only groups of farms highlighted by the general survey, the report suggests that more detailed information about these should be obtained. As regards the financing of these surveys, the Committee feels that the expense, which would be fairly high, could only be justified if the data yielded are rapidly passed on to all the national and Community departments concerned.

As regards the draft regulation, the report makes one or two observations of a mainly technical nature concerning:

- a) the duration of the survey in a Member State, which must not exceed sixty consecutive days - a restriction which appears excessive and for which there is no apparent need;
- b) the compulsory checking by Member States of the tapes or punched cards on which the results entered on the questionnaire are recorded;
- c) the inadequate time allowed to Member States to pass on tapes or punched cards to the Commission;

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(1) Doc. No. 120/1965-65.

- d) the manner in which Member States will co-operate in drawing up the necessary regulations;
- e) violations of the obligation to preserve secrecy by agents of the Community authorities. It is advisable to review the provisions governing this matter from a legal standpoint.

After a statement by the Rapporteur commenting on the report, the Parliament gave its unanimous approval.

### 13. Official checks on animal fodder

Consulted by the Council of Ministers on a draft directive for the adoption of common analytical techniques for official checks on animal fodder, the European Parliament expressed a favourable opinion on 20 February 1965 in the light of a report (1) submitted on behalf of the Agricultural Committee by Mr. Baas (Liberal, Netherlands). The report points out that the Agricultural Committee agrees that Article 43 of the Treaty should serve as the legal basis for the directive, and stresses that in its opinion the questions raised in the directive come within the scope of the common agricultural policy.

As regards the subject-matter of the directive, the report points out that this does not cover additives. Nevertheless the Committee welcomes the intention attributed to the Executive to submit a proposal on this subject towards mid-1965, failing which the directive could not be applied under satisfactory conditions.

The report further stresses the need for uniform sampling methods and that a clause to this effect should be inserted in the directive.

Finally the report expresses concern at the fact that the directive does not apply to fodder for export to third countries as this might raise a number of problems. It therefore stresses the need to introduce the necessary supplementary provisions. It is essential for the Community that the nature and quantity of products contained in animal fodder exported

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(1) Doc. No. 121/1964-65.

to third countries should be declared, since Community drawbacks might be payable on exports.

After a brief statement by the Rapporteur dealing mainly with the comments made in the report, the Parliament expressed unanimous approval.

14. Anti-oxidants in food for human consumption

On 20 January the European Parliament, having been consulted by the EEC Council on a draft directive submitted by the EEC Commission concerning the approximation of the laws of Member States on anti-oxidants that could be used in food for human consumption, examined the report drawn up by Mr. Angioy (Italy) on behalf of the Health Protection Committee(1) and the Opinion annexed thereto and prepared by Mr. Kriedemann (Germany) for the Agricultural Committee.

The report approves the draft directive as amended by the Parliamentary Committee as it is designed to safeguard the health of consumers and to ensure efficient checks on foodstuffs.

In matters relating to food legislation, the Health Protection Committee will continue to be guided by the principle that approval of a product must be withheld until it is shown to be not only physiologically harmless by the producer but also to satisfy a genuine need of the consumer - that is, if in spite of greater care in production, packing and storage, the food will not otherwise keep for a sufficiently long period.

The amendments suggested by the Committee relate mainly to certain time-limits and the terminology used.

After a brief introductory statement by Mr. Angioy, Mr. Santero (Italy), spokesman for the Christian Democrat Group, stressed the political importance of the draft directive under which certain national powers were again transferred to Community authorities.

In the Resolution, the Parliament welcomes this further step towards a body of European food laws and urges that the

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(1) Doc. No. 109.

remaining problems arising from the incorporation of additives in food should be settled as speedily as possible in accordance with given principles. Finally, the Parliament endorses the draft directive as amended by the Health Protection Committee.

15. Directive on the compulsory maintenance by Member States of minimum reserves of petroleum and petroleum products

At its session of 21 January 1965 the Parliament dealt with the report submitted on behalf of the Energy Committee by the French representative Mr. Rossi (Liberal and Allied Group) concerning the proposal submitted to the Council by the EEC Commission for a directive on the compulsory maintenance by Member States of the European Economic Community of minimum reserves of petroleum and petroleum products (doc. 132/19.1.65).

In its draft directive the EEC Commission proposes that a common obligation should be imposed on Member States to maintain minimum reserves of petroleum and petroleum products. According to Mr. Rossi's report, the initiative for this apparently stems from demands made by the Energy Committee and is based on recommendations made by the OECD to its members in 1962. The EEC Commission's draft directive has largely adopted the general OECD definitions as a basis for drafting European definitions corresponding to Community requirements. The EEC Commission's proposal appears to the Energy Committee to be a real step forward in the direction of a common European energy policy.

The draft directive recommends the stocking of mineral oil supplies corresponding to the average daily domestic requirements over a period of 65 days, Member States being permitted to draw out up to 15 per cent of that portion of domestic consumption that is covered by petroleum products produced in the country. Bunkers for ocean-going vessels, supplies for military and special purposes and oil in pipelines are not included in these arrangements.

The Rapporteur points out that the Energy Committee welcomes the special importance the EEC Commission attaches to the Community aspect of the directive in assigning to itself an intermediary rôle which it could exercise in particular in the case of stocks of one Member State on the territory of another Member State, or of an agreement between two Member States regarding the utilization of such stocks. In addition, the EEC Commission has drawn attention to the importance - constantly stressed by the Energy Committee - of consultation in the



event of an emergency. The Rapporteur goes on to say that the Community character of the directive is further guaranteed by the yearly submission by the EEC Commission to the Council of a detailed report on the way in which the directive is followed up.

As regards the maintenance of reserves, the Energy Committee notes that in its draft directive the EEC Commission has confined itself to considering security of supplies of petroleum and petroleum products purely from the quantitative aspect. The financial aspect should not however be overlooked. Within the context of the overall energy policy, the maintenance of stocks ought to be standardized for all energy sources so that storage costs would have to be borne either by each energy source itself or for all energy sources by the Community, or shared in equal proportions by the energy sources and the Community.

The report sums up by saying that the Energy Committee feels that the proposed directive could mark the beginning of a common supplies policy, although it should not be overlooked that the proposed reserves correspond in general to the quantities already stocked for commercial reasons by the petroleum industry in Member States. It is nevertheless gratifying to note that this practice is sanctioned by the Community.

In the debate the French representative Mr. Brunhes (Liberal and Allied Group), speaking on behalf of the Rapporteur, dwelt on the fact that the Energy Committee had succeeded in reaching agreement on the directive and attached particular significance to its Community character.

In this connexion he again drew attention to the intermediary rôle that the EEC Commission could play after the directive had been adopted, as well as to the detailed annual report on the manner in which it was followed up. Although a common European energy policy - for which the Energy Committee would not cease to strive - was still a long way off, one of its major aims, security of supplies, had been brought a step nearer.

Mr. Brunhes went on to speak of the need to take the financial aspects into account, particularly if reserves were extended beyond the level at present contemplated.

The spokesman for the European Democratic Union Group, the French representative Mr. Bousch, drew attention to the fact

that the 65-day reserves called for in the directive fell far short of the level now obtaining in France. The statutory regulations in force there - dating back to 1925-28 - provided for 90-day reserves based on average consumption for the preceding 12 months. Moreover, a distinction was made between the various mineral oil products - ordinary or super-grade petrol, light or heavy fuel oil, etc. If his group was in favour of the present draft directive, it was mainly because it represented a step towards a common solution of the problem of security of supplies. It was still to be wished, however, that Member States would turn their attention increasingly to the actual requirements of such a system of storage so as to avoid being lulled into a false sense of security.

The spokesman for the Christian Democrat Group, the Italian representative Mr. Pedini, said that it would be a mistake to assume that the present directive would automatically solve the problem of security of supplies. In the case of mineral oil products, security of supplies for the Community depended largely on the extent to which it was possible to bring influence to bear on the major centres of the mineral oil market. Mr. Pedini wound up by strongly advocating the adoption of a common European policy on petroleum free from any trace of self-sufficiency.

The spokesman for the Socialist Group, the Belgian representative Mr. De Block, stressed the growing importance of petroleum for the European market both now and in the future.

However, while approving the choice of a 65-day period, the Socialist Group deplored the lack of effective supervision to ensure that the proposed fuel reserve system functioned properly.

On the question of effective supervision, Mr. Colonna di Paliano, the member of the EEC Commission, pointed out that Member States would naturally have to take steps to ensure a uniform procedure. He would however pass on the suggestions put forward during the debate to the Council of Ministers when the occasion presented itself.

As regards the 65-day period chosen, he again drew attention to the variations to be found in individual Member States. The EEC Commission was aware of the fact that reserves in France, in contrast to Italy, covered a period longer than that specified in the draft directive. In other States, such as the Federal Republic of Germany, Belgium and the Netherlands, there were no binding regulations of any kind.

The EEC Commission would endeavour, despite all difficulties, to work out common measures for a European mineral oil policy within the context of an overall European energy policy. In a resolution unanimously carried following the debate, the Parliament welcomes the initiative taken by the EEC Commission on the strength of Article 103(2 and 4) of the Treaty, and observes that with this proposal for a directive on the storage of hydrocarbons the EEC Commission is turning towards a common policy. The Parliament is of the opinion that for the time being the EEC Commission's proposals cover the requirements of security of supplies of petroleum and petroleum products from the quantitative point of view.

The Parliament adopts the directive but regrets that, in the absence of an overall approach to a European energy policy, the European Executives have to confine themselves to measures that can be of only limited effect.

The Parliament therefore urges the Executives to submit to the Council any other proposals arising from the provisions of the Protocol of an Agreement of 21 April 1964, on which it too must be consulted.

#### 16. Euratom's research programme

On 22 January the Parliament discussed a report (1) submitted on behalf of the Committee for Research and Cultural Affairs by Mr. Pedini (Christian Democrat, Italy) on the progress of Euratom's research programme.

The report recalled that in September 1964 the Parliament had studied the work done by the Euratom Commission, in the light of the 7th General Report and the report which Mr. Pedini submitted on that occasion.

At the close of that debate a resolution was passed; the report dealt with the action taken by the Executive in pursuance of that resolution.

As regards the choice of Community policy, the resolution stressed that it was desirable for Europe to avoid becoming

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(1) See Doc. No. 127 of 19 January 1965.

self-enclosed, jealously guarding its own powers of initiative; it should extend its co-operation to other continents. The Commission, to prove it had acted in accordance with these guiding principles, quoted the "Orgel" programme, which the US Atomic Energy Commission followed with interest and the fast neutron reactor programme which was the subject of an agreement with the United States.

The Parliament had looked for a more detailed statement of attitude and had hoped that the memorandum submitted by the Governments on the Commission's policy would be brought to the attention of the Parliament.

The report went on to state that the Parliament wished to know the reasons for the diffidence, in regard to the implementation of the "common enterprise" statute, on the part of those who might find it in their interest to do so.

As regards uranium supplies, it was regretted that the Council had struck out from the second five-year programme the ore-prospecting scheme planned by the Executive; it was hoped that the Council would reconsider this decision.

The report noted with satisfaction the work on energy policy done by the Euratom Commission on the inter-Executive group; at the same time, however, it stressed how important it was for the European Commission to carry out an independent programme consistent with its own individual political rôle.

With regard to the revision of the second five-year programme it was recalled that the Executive had told the Parliamentary Committee that it had made concrete proposals to the Council to this effect. Discussions between the Executive and the Council on this subject were still in progress and the report called upon the Council to keep faith with the undertaking it had given on 12 December 1964 to review the second five-year programme before 31 March 1965 and make additional appropriations for this year. The report observed that the Commission was under an obligation to keep the Parliament informed and to discuss with it the policy it intended to follow in amending or working out the five-year programmes.

The report stressed the importance of co-ordinating national programmes with Community programmes and called upon the Commission to demonstrate more initiative in encouraging European industry to take up the nuclear challenge.

The report then recalled that the Parliament had encouraged the Commission to co-operate with national schools, and scientific institutions in promoting training schemes for the future personnel of the European nuclear industry. To date the Parliamentary Committee had been given no information on this subject.

The Parliament finally called upon the Commission to submit, by the end of the year at the latest, a programme policy statement dealing principally with the review of the second five-year programme and drawing up the third, the merger of the Executives, the main aims of a nuclear energy policy with particular reference to its implications for regional policy and the co-ordination of national programmes with that of the Community. The end of this period had however been reached without any statement being made.

The debate opened with a speech by Mr. Janssens (Liberal, Belgium), Chairman of the Committee for Research and Cultural Affairs. He recalled that his Committee had been surprised to read in the press of the resignation of Mr. Medi, Euratom Vice-President, because of disagreement on Community policy. It would have been desirable - said Mr. Janssens - for the Parliament to have been officially informed about an occurrence of such importance.

Mr. Pedini, Rapporteur, after giving the broad outlines of his report, reminded the Commission of a request (to which no reply had been given) for a statement about the Euratom programme; this should have been forthcoming before 31 December 1964.

Mr. Chatenet, President of the Euratom Commission, replied that as regards the resignation of Mr. Medi, it had to be realized that the institutions were collegiate and that its members were individual political personalities with all that this implied. With reference to the programme statement that the Commission was to have made, Mr. Chatenet recalled that his Commission had made many statements of this kind both to the Assembly and within the Commission itself.

Mr. Medi, was at pains to stress that the responsibility of the other members of the Community institutions was absolutely not in question and that he had resigned for personal reasons, even though these included his different appreciation of the problems to be solved.

Mr. Habib-Deloncle, President-in-office of the Council of Ministers, said with reference to the resignation of Mr. Medi, that while a man had in his own conscience the right to take whatever decision he thought fit, it was the duty of the governments to state, in practical terms, what objectives should be achieved.

After other speeches from the floor, the Assembly decided to refer back to the Committee for Research and Cultural Affairs the two draft resolutions appended to Mr. Pedini's report.

17. Euratom's draft research and investment budget

The adaptation of the second five-year research and investment programme to scientific and industrial developments on the one hand and to the rise in prices and in the cost of living on the other gave rise to such a divergence of opinion in the Council that the draft budget could not be submitted in time to the Parliament.

The draft budget eventually laid before the Parliament is aimed merely at ensuring continuity in Euratom's activities without the need to restrict expenditure on a monthly basis to one-twelfth of the budget appropriations for the preceding year. The Council is resolved to reach unanimous agreement before 1 April 1965 on the adjustment of the second programme which will also give some idea of the lines to be followed by the third five-year programme. This is why the Budget and Administration Committee has submitted two draft Resolutions - one relating to basic principles and procedure and the other to the draft budget itself - as pointed out by Mr. Leemans (Belgium), Rapporteur of the Committee, when presenting his report (1) on 21 January 1965.

The supplementary budget, which must be submitted after 1 April 1965, will lay down guidelines for Euratom's activities, particularly as regards the lining up of national programmes and Community co-operation, the fixing of priorities and the concentration of activities on certain sectors. Its political responsibilities require the Euratom Commission to submit its adjustment plans to the European Parliament before they are finally approved - amended or otherwise - by the Council.

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(1) Doc. No. 130.

Mr. Sassen, member of the Euratom Commission, pointed out that the need to adjust the second five-year programme was all the more pressing because it was practically certain that the Community could not function throughout the entire year on the basis of the provisional budget. The points of view of the Governments were however very close. It was not surprising that the matter had been discussed so thoroughly in the Council of Ministers since nuclear energy was entering its industrial phase and the scientific research programme was playing an increasingly important rôle in the economic life of the Community. The Euratom Commission gave its full approval to the two proposed resolutions which under the present circumstances bore witness to a sensible spirit of moderation and left room for a wide measure of parliamentary control. Since 1 January the institutions of the Community had all existed in a kind of budgetary vacuum which would have to be filled as speedily as possible. In this connexion, the Parliament could be of substantial help.

After Messrs. Habib-Deloncle and Sassen had cleared up one or two points raised by Mr. Kreyssig (German Socialist), the two draft Resolutions were duly adopted.

In the first, which relates to Euratom's research and investment draft budget for 1965, the European Parliament invites the Council - when it proceeds with the adjustment of the second five-year programme - to act upon the Parliament's proposal that the credits earmarked for the running of all the European Schools should be charged to the operational budget. The Parliament also draws attention to its Resolution of 23 October 1964 on the need to overhaul the salary scales and allowances of officials and other staff as speedily as possible. Stressing the limited scope and makeshift character of the draft budget, the Parliament urges that the indispensable supplementary budget should be transmitted to it before May 1965, and then goes on to approve the draft research and investment budget submitted to it.

In the second Resolution concerning the adjustment of the second five-year programme and the drawing up of a supplementary draft budget for Euratom for 1965, the Parliament insists on the need to adapt the second five-year programme to economic, industrial, technical and scientific developments. This adjustment should take account of the fact that under Article 1 of the Treaty the task of Euratom is to create the conditions necessary for the speedy establishment and growth of nuclear industries and in this way to contribute to the raising of the standard of living in Member States and to the development of trade with other countries.

Recalling the facts and suggestions contained in its Resolution of 23 September 1964 on the adjustment of the second five-year programme, the Parliament asks to be kept regularly informed of the work carried out in this connexion, and urges the Council to ensure that the adjustment of the programme and the drawing up of the supplementary draft budget are completed by 1 April 1965 at the latest.

18. The position with regard to the application of a common system of state aids for coalmining in the Community

At its session of 22 January 1965 the Parliament discussed the report on the above subject drawn up by Messrs. Philipp and Toubeau on behalf of the Energy Committee.

The report originated in a draft Decision, which the High Authority had laid before the Consultative Committee and the Council of Ministers for their approval in autumn 1964 with a view to the adoption of a common system of rationalization and support measures for coalmines. The legal grounds chosen by the High Authority for this purpose was the procedure laid down in the first paragraph of Article 95 of the Treaty.

In explaining the contents of the report (doc. 131/18.1. 1965) before the Parliament, the German representative Mr. Philipp (Christian Democrat Group), one of the two Rapporteurs, pointed out that it had not been possible to include in it the final judgment of the Energy Committee on a definitive text of a Decision because the Council of Ministers had not yet expressed an opinion on the draft submitted to it. The Parliament would therefore have to content itself for the time being with yet another urgent appeal to the Council of Ministers not to delay further in taking action in regard to the common coal policy.

Mr. Philipp was of the opinion that the proposed Decision on a common system of State aids for coalmining - like the Directive submitted by the EEC Commission on reserve stocks of mineral oil and mineral oil products - represented a first step towards a common energy policy and was therefore to be welcomed.

The aim of all subsequent measures in this sector - in pursuance of the terms of Article 11 of the Agreement of 21 April 1964 - would have to be to increase the competitive capacity



of Community coal both on the coal market and on the energy market as a whole. The situation regarding lining up the conditions of competition within the Community as between the various energy sources would have to be cleared up as soon as possible. The same applied to the introduction of any trade policy measures that might prove necessary.

The second Rapporteur, Mr. Toubeau, Belgian representative and spokesman for the Socialist Group, stressed that the precarious situation of the coalmining industry called for swift and effective action. It was therefore essential to ensure that any subsidies granted could really fulfil their purpose - whether "negative" rationalization (pit closures) or "positive" rationalization (increase of productivity). Moreover, the miners' interests would also have to be protected and special efforts made to improve occupational training and increase safety in mines.

Moreover, it was essential for the success of the proposed measures to lay down a global production figure of approximately 2,000 million metric tons of coal for the Community as a whole, particularly from the point of view of the position of the miners and their present uncertainty as to the future.

With regard to the European Miner's Code, although discussions were in progress regarding the internationalization of the "miner's bonus" and the general introduction of a "long service bonus", in the long run the trade unions would insist on all the requirements of the Miner's Code being met. The speaker drew attention to the fact that the Code had been un-animously approved by the European Parliament.

The spokesman for the European Democratic Union Group, the French representative Mr. Bousch, felt it was important to ensure that the progress already made by individual Member States in rationalizing coalmining and maintaining optimum levels of employment would be safeguarded by the proposed Decision. The support measures introduced on behalf of the coalmining industry should in general be applied on a decreasing scale.

The Dutch representative, Mr. Posthumus (Socialist Group), expressed considerable concern regarding the legal path chosen by the High Authority in invoking Article 95, first paragraph, of the ECSC Treaty. In his view, the general ban imposed on subsidies by Article 4 of the Treaty could be lifted only by means of a major amendment of the Treaty as provided for in Article 96.

Mr. Nederhorst, Dutch representative (Socialist Group), endorsed the views of his colleague Mr. Posthumus and expressed doubt as to the legal foundation of the High Authority's draft Decision. He emphasized that the proposed system of subsidies for coalmining should be regarded as a starting point and not as a substitute for a common energy policy.

Mr. Lapie, member of the High Authority and Chairman of the Inter-Executive Working Party on Energy, expressed confidence in the subsequent progress of the draft Decision. He counted on the Council of Ministers finally expressing its views on the subject at its session of 4 February 1965.

The High Authority had resorted to the procedure laid down in the first paragraph of Article 95 - rather than the major Treaty amendment under Article 96 - on good grounds and after consulting its legal experts. The Consultative Committee, which had already been consulted, had approved the procedure chosen by the High Authority, and no reservations had so far been made on the subject in the Council of Ministers.

Mr. Hellwig, member of the High Authority, dealt in even greater detail with the question of legal procedure. There had been no question of choosing between the first paragraph of Article 95 or Article 96. As regards the former, not only did the conditions stipulated in the Treaty obtain, but in addition this Article had previously been invoked for other arrangements in connexion with the coal crisis to permit Community subsidies to be granted. The aids in question had been required to tide over Belgian miners at a time when a large number of shifts were being cancelled, and to ease the financial burden of undertakings carrying greatly increased stocks.

The High Authority feels that in selecting the procedure laid down in the first paragraph of Article 95, it has established itself on a sound legal footing.

In the resolution unanimously carried following the debate, the Parliament regrets that although the Council has approved the High Authority's proposals in principle, it has contented itself with referring back important issues to groups of experts.

The Parliament again stresses the fact that energy questions in general, and the difficulties experienced in the coalmining industry in particular, have been awaiting a solution for eight years. In this connexion it draws attention to eleven resolutions submitted by the Energy Committee since June 1958.

Finally, the Parliament urges the Council of Ministers to arrive at a common and constructive decision on questions relating to the coalmining industry.

19. The association between the EEC and the African States and Madagascar

Mr. Carcassonne (French Socialist) has submitted to the Parliament a report on behalf of the Committee for Co-operation with the Developing Countries (1) on the first meeting of the Parliamentary Conference of the Association which was held in Dakar from 8 to 10 December 1964.

The Rapporteur described the institutions of the Association and outlined the work done at the constituent session of the Parliamentary Conference. The Conference began by adopting its rules of procedure and then appointed its officers; it elected Mr. Lamine Guey, President, and Mr. Duvieusart, first Vice-President. Mr. Cabou (Senegal), President-in-office of the Association Council, then described the substance and the aims of the Yaoundé Convention. This was the first comprehensive agreement ever negotiated on a parity basis between industrialized and developing countries. Mr. Lahr, President-in-office of the EEC Council, and Mr. Rocherau, representing the EEC Commission, stressed the important part played by the Conference in demonstrating that the Association involved the peoples of various states. These three introductory speeches were followed by an extensive debate in which European, African and Malagasy representatives displayed an awareness of their duty to supervise the implementation of the Conference and to establish the political line of action to be followed in accordance with democratic principles.

In the second part of his report, Mr. Carcassonne dealt with the resolution adopted by the Dakar Conference. This concerned the institutions of the Association, economic and social progress, trade, financial and technical co-operation, external relations and relations with the ECSC and Euratom. The Rapporteur drew attention to a number of points in the resolution which were particularly exercising the minds of the Committee for Co-operation with Developing Countries, to wit: the problem of raw material price fluctuations, the interests of the Associated States to be considered in working out the common agricultural policy of the EEC, increased technical assistance coupled with invest-

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(1) Doc. No. 133/1964-65.

ments, the approximation of guarantees extended to private investors and the participation of the ECSC and Euratom in the development of the Associated States.

In conclusion, the Rapporteur moved a resolution in which the Parliament endorsed the conclusions of the Dakar Conference and called upon the Councils and European Executives to give them their full attention. This was passed unanimously (1).

During the debate prior to the resolution being passed, several members took the floor. Mr. Pedini (Italy), speaking on behalf of the Christian Democrat Group, endorsed the conclusions to the report, recalling that the Parliament's responsibility did not end with the Dakar Conference. He regretted that the work of the Conference had been given too little coverage in the press. Since energy and iron and steel were economic and social development factors, he felt that it would be expedient, when the merger of the Executives came on to the agenda, to determine how the ECSC and Euratom could take part in the work jointly undertaken in the Associated States.

Mr. Carboni (Italian Christian Democrat) stressed two special aspects of cultural assistance. He hoped, on the one hand, that scholarships would be awarded to young Europeans to enable them to gain overseas experience of development problems and, on the other, that the Europeans would help the Associated States to draw up a written law. It was, from the economic standpoint, essential for the Community to give its attention without delay to working out an arrangement for sugar originating in the Associated States.

Mr. Troclet (Belgian Socialist) emphasized the problem of transporting goods and marketing products: he felt that short, medium and long-term development programmes ought to be envisaged simultaneously.

On behalf of the Liberal Group, Mr. Armengaud (France) approved the resolution submitted to the Parliament; he felt that the practical inferences should be drawn and particularly that an end should be put to a situation where supply and demand completely governed the purchase of tropical raw materials and that a suitable system should be found for guaranteeing private investments.

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(1) See resolution of 20 January 1965.

Speaking on behalf of the EEC Commission, Mr. Levi Sandri endorsed the conclusions of the Dakar Conference and stressed their political implications. The Commission would bear in mind the opinion trend that had emerged. There were many difficult problems still to be solved. The Community should not, however, commit itself hastily to extending aid for which no provision was made in the Yaoundé Convention.

Mr. Margulies, a member of the Euratom Commission, stated that the Commission had already begun to study the possibility of using nuclear techniques in the Associated States.

In conclusion Mr. Thorn (Luxembourg, Liberal), Chairman of the Committee for Co-operation with Developing Countries, recalled that Europe was faced, on the one hand, with its own growth problems and on the other with the "grand design" of the Euro-African association. Europe would have had the merit of helping to solve the greatest problem of our time, that of the development of the third world.



## II. ACTIVITIES OF THE COMMITTEES OF THE EUROPEAN PARLIAMENT

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Activities of the Committees in January 1965 (\*)

### Political Committee (1)

#### Session of 14 January 1965 in Paris:

Examination and approval of an Interim Report by Mr. Edoardo Martino on the problems of the political union of Europe.

### External Trade Committee (2)

#### Session of 8 January 1965 in Brussels:

Exchange of views with the EEC Commission on the Community's relations with third countries and on the progress of GATT negotiations. Debate on the draft report by Mr. Hahn on the progressive establishment of a common trade policy.

#### Session of 15 January 1965 in Brussels:

Point-by-point discussion on Mr. Hahn's report on the progressive establishment of a common trade policy.

#### Session of 19 January 1965 in Strasbourg:

Discussion on the Committee's attitude to the proposal made by the EEC Commission to amend Regulation No. 23 on the organization of the market in fruit and vegetables. The chairman was requested to put forward the Committee's view on the subject at a plenary session.

### Agricultural Committee (3)

#### Session of 7 January 1965 in Brussels:

Approval of a draft Opinion by Mr. Carboni for the attention of the Internal Market Committee concerning the EEC Commission's

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(\*) The most important questions tackled by the Committees of the European Parliament will in future be mentioned under this new heading. All Committee meetings will therefore not be listed.

proposals for a regulation on the establishment of a trade system for certain goods derived from the processing of agricultural products, and for a regulation giving a list of goods to which the aforesaid regulation applies. Approval of a draft report by Mr. Baas on a proposal for a directive on the introduction of Community analysis methods for the official control of fodder. Approval of a draft report by Mr. Bading on a draft regulation for conducting a basic survey, within the framework of a survey programme to investigate the structure of farms. Approval of an Opinion drafted by Mr. Blondelle for the attention of the External Trade Committee on a common trade policy. Introductory statement by Mr. Charpentier on a draft regulation by the Council on measures to be taken in the case of a situation which might jeopardize the fulfilment of the objectives referred to in Article 39, section 1, paragraphs c), d) and e) of the Treaty. Further examination of the proposal for a regulation covering additional provisions for organizing the market in fruit and vegetables.

Session of 12-13 January 1965 at The Hague:

Examination of a draft regulation concerning the organization of the market in fruit and vegetables. Exchange of views with the chairman and members of the "Produktschap voor Groenten en Fruit" (Fruit and Vegetable Producers' Association).

Session of 19 January 1965 in Strasbourg:

Joint session with the External Trade Committee, attended by Mr. Mansholt, Vice-President of the EEC Commission, and Mr. Rey, member of the EEC Commission, to examine the draft regulation for an amendment concerning the organization of the market in fruit and vegetables. Subsequent approval by the Agricultural Committee of a draft report by Mr. Boscary-Monsservin on this question.

Social Committee (4)

Session of 14 January in Brussels:

Appointment of Mr. Nederhorst as Rapporteur for the implementation of Article 118 of the EEC Treaty and preliminary exchange of views on the subject with the EEC Commission.

Session of 27-29 January 1965:

Study and Information Visit to Arlon, Esch-sur-Alzette, Longwy and Briey. Subsequent exchange of views in Luxembourg on the social aspects of the merger of the Executives.



Internal Market Committee (5)

Session of 8 January in Rome:

Attended by Mr. Colonna di Paliano, member of the EEC Commission. Examination and approval of the draft report by Mr. Breyne on a regulation concerning a trade system for certain goods derived from the processing of agricultural products, and on a regulation giving the list of goods to which the aforesaid regulation applies. Examination and approval of the draft report by Mr. Scarascia on a second directive concerning cinematography. Examination and approval of a draft Opinion drawn up by Mr. Kulawig for the attention of the Health Protection Committee on a draft Council directive concerning the approximation of legal and administrative provisions relating to the manufacture and use of stud guns. Exchange of views, in the presence of Mr. Hellwig and Mr. Linthorst Homan, members of the High Authority, on the subject of cartels and concentrations in the coal and steel sector.

Session of 21 January 1965 in Strasbourg:

Attended by Mr. Colonna di Paliano, member of the EEC Commission. Examination of an information note from the EEC Commission on a draft regulation for establishing a trade system in respect of certain goods derived from the processing of agricultural products, and of a draft regulation giving the list of goods to which the aforesaid regulation applies.

Economic and Financial Committee (6)

Session of 21 January 1965 in Strasbourg:

Appointment of Mr. Van Campen as Rapporteur for the EEC Commission statement to the European Parliament on the economic situation in the Community.

Committee for Co-operation with  
Developing Countries (7)

Session of 4 January 1965 in Paris:

Exchange of views, in the presence of the EEC Commission, on the outcome of the first session of the Parliamentary Conference of the Association held in December 1964 at Dakar and on the

interest shown by the Associated States in establishing the common agricultural policy in accordance with Article 11 of the Yaoundé Convention. Appointment of a Rapporteur on the problem of technical and cultural co-operation within the framework of the Association Convention.

Session of 18 January 1965 in Strasbourg:

Examination and approval of Mr. Carcassonne's draft report on the first session of the Parliamentary Conference of the Association.

Energy Committee (9)

Session of 18 January 1965 in Strasbourg:

Examination and adoption of a draft report by Messrs. Philipp and Toubeau on the progress made in examining the proposals relating to the implementation procedure for a Community system of state-aid to Community collieries.

Examination and adoption of the draft opinion by Mr. Rossi on the proposal for a Council directive compelling Member States to keep a minimum stock of crude oil and oil products.

Committee for Research and Cultural  
Affairs (10)

Session of 11 January 1965 in Brussels:

Examination and adoption of the draft report by Mr. Pedini on the progress of Euratom's research programme.

Session of 19 January 1965 in Strasbourg:

Examination and adoption of a draft resolution relating to Mr. Pedini's report.

Activities of the committees of the European Parliament

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Health Protection Committee (11)

Session of 8 January 1965 in Brussels:

Exchange of views with the EEC Commission on the problems of safety at work raised by the Champignole pit disaster.

Adoption of the draft report by Mr. Berkhouwer concerning a draft directive from the EEC Commission to the Council in connexion with the approximation of legislation on stud guns.

Budget and Administration Committee (12)

Session of 7 January 1965 in Brussels:

Exchange of views with the Council of Ministers of the EAEC on the draft research and investment budget for 1965. Examination, in the presence of the EAEC Commission, of a preliminary draft report by Mr. Leemans on this question.

Session of 18 January 1965 in Strasbourg:

Adoption of the draft report by Mr. Leemans.

Legal Committee (13)

Session of 21 January 1965 in Strasbourg:

Appointment of Mr. Weinkamm as Rapporteur on the problem of harmonizing European legislation, and appointment of Mr. Dehousse on the question of the pre-eminence of Community law over domestic laws in the Member States.

Joint Working Party of the Committees  
for External Trade, Agriculture and  
Co-operation with Developing Countries

Session of 11 January 1965 at The Hague:

Exchange of views on the progress of work by the Working Party in connexion with the organization of the raw-materials market, with reference to the work of the World Trade Conference.



### III. MEETING OF THE CONSULTATIVE ASSEMBLY OF THE COUNCIL OF EUROPE

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#### Meeting of the Consultative Assembly of the Council of Europe in Strasbourg from 25 to 29 January 1965

At the January session of the Consultative Assembly of the Council of Europe, special attention was paid to relations between the EEC and EFTA.

The Swiss Federal Councillor Mr. Wahlen, who laid the Council of Ministers' report before the Consultative Assembly, dealt in detail with relations between the EEC and EFTA. He urged in particular that the drive for integration should be co-ordinated, and said that the Council of Europe should act as intermediary between the Common Market and the Free Trade Area. He dwelt on the importance of the Kennedy Round negotiations in GATT at Geneva which Switzerland expected to have a stimulating effect on progress towards integration. He drew attention to the danger of a split between the two economic blocs.

Mr. Finn Moe, Norwegian Social Democrat, also advocated closer relations between the two blocs, and then went on to deal with the broader aspects of international policy. He favoured an Atlantic nuclear strategy and recommended that Red China should be admitted into UNO.

Mr. de la Vallée Poussin, Belgian Senator, spoke on European political union. He recalled the arguments of Messrs. Erhard, Spaak and Saragat and argued against the admission into the political union of countries that were not members of the Common Market. He described the EEC as the springboard for political integration.

Mr. Klaus, Austrian Federal Chancellor, favoured a truly European formula and warned against forming Europe into an "exclusive club". What he wanted was a Europe in which there would be a place for all. He emphasized that Austria's export trade depended on the existence of favourable relations with the EEC. "We Austrians", he remarked, "believe that the signing of a special treaty with the European Economic Community should not - in the interests of Austrian trade, industry and agriculture - be deferred unnecessarily any longer..... Such an agreement will naturally have to take into account the special conditions and reservations arising from our determination to adhere strictly to international obligations and to preserve our permanent neutrality."

The Austrian representative Mr. Toncic stated that the plan for political union presented an obstacle to countries not covered by it. He therefore felt that the first step should be economic integration, to be followed later by political union. The British representative Mr. Ridley (Conservative) also considered that the EEC's relations with the Free Trade Area were inadequate. This view was shared by Mr. Federspiel, the Danish representative, who felt that the EEC was shutting itself off from the rest of the world and warned against splitting Europe politically as well as economically. He also raised the question of how political union was conceived - for example, as a nucleus around which other States would group themselves. Mr. Federspiel further mentioned the problem of European defence, which would have to be solved.

Summing up, the January session of the Council of Europe may be said to have been dominated by the concern felt by the EFTA countries at the prospect of free Europe splitting up into two different political and economic areas. The members of the Free Trade Area feared in particular that the EEC countries, which had already made considerable progress in co-ordinating their economies, would continue to push ahead with political integration without regard for the remaining European states. Mr. Wahlen therefore expressed his conviction that a permanent settlement of the economic problems of Europe could only be achieved if it covered all the European States. Current difficulties should not be allowed to stand in the way of economic co-operation. Mr. Wahlen expressed concern at statistical reports which showed that the traditional pattern of trade between European countries had undergone a change.

A consensus of opinion as between the EEC and EFTA was not reached at the meeting. While the EFTA partners called first for economic unification, the representatives of the EEC States also favoured talks on European political union.

The advocates of a "European revival" had no doubt been encouraged by the results achieved during the talks between President de Gaulle and Dr. Erhard at Rambouillet. The EEC representatives regarded the Common Market as being at present the only real factor making for unity, and therefore as the basis for political union.

In a recommendation to the Council of Ministers adopted at the close of the discussions, the Consultative Assembly resorted to a compromise whereby negotiations for political union would be conducted on the broadest possible basis and Great Britain would not be excluded from the talks. (Neue Zürcher Zeitung, 27, 28 and 30 January and 4 February 1965; Bulletin of the Press and Information Service of the Federal Government, No. 23, 6 February 1965)