

EUROPEAN PARLIAMENT

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C O N T E N T S

P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

	page
I. <u>GENERAL PROBLEMS</u>	1
<u>Chronological summary</u>	1
1. Statement on European policy by the Monnet Committee	2
2. Reflections on the paradox of Europe	4
3. The European Parliament and the harmonization of European laws	5
II. <u>ASSOCIATION, WITH AND ACCESSION TO THE COMMUNITIES</u>	7
<u>Chronological summary</u>	7
III. <u>ASSOCIATION WITH THE AFRICAN STATES AND MADAGASCAR</u>	9
<u>Chronological summary</u>	9
IV. <u>EXTERNAL RELATIONS</u>	11
<u>Chronological summary</u>	11
1. Signing of Trade Agreement between the EEC and Israel	12
2. The basis of British foreign policy	13
V. <u>ECONOMIC POLICY AND ECONOMIC SECTORS</u>	15
1. The Free Trade Unions opposed to any delay in fixing a common price for cereals	15
2. Cereal producers and the common agricultural policy	16

P a r t I I

THE PARLIAMENTS

	page
<u>Chronological summary</u>	19
I. <u>EUROPEAN PARLIAMENT - COUNCIL OF EUROPE</u>	19
Eleventh Joint Session of the Consultative Assembly of the Council of Europe and the European Parliament	22
II. <u>EUROPEAN PARLIAMENT</u>	31
June session of the European Parliament in Strasbourg .	31
III. <u>WESTERN EUROPEAN UNION</u>	67
Session of the WEU Assembly in Rome	67
IV. <u>NATIONAL PARLIAMENTS</u>	69
<u>Germany</u>	69
1. Bill on the election of German M.P.s to the European Parliament	69
2. Parliamentary and budgetary control of the European institutions; democratization of the European Com- munities	69
3. Opinions of the Bundestag and Bundesrat on a draft EEC directive for implementing Article 67 of the Treaty	71
<u>Netherlands</u>	72
Public debate on European problems in the Foreign Affairs Budget Committee of the Second Chamber of the States General	72

Part I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

Chronological summary

1-2 June

Meeting in Bonn of the "Action Committee
for the United States of Europe".
Resolution on European policy.

General problems

1. Statement on European policy by the Monnet Committee

The Action Committee for the United States of Europe, founded and led by Mr. Jean Monnet, former President of the High Authority, met on 1 and 2 June in Bonn - its first meeting in that city. As a result of these discussions, the Committee passed a resolution, which stressed the need to strive for the political union of Europe, partnership on an equal footing between Europe and the United States, a common nuclear policy and the achievement of peaceful co-existence between the West and the Soviet Union.

With a view to promoting economic integration, the Action Committee calls for participation by both employers and employees in the measures taken by the EEC Commission, rapid and practical results in the campaign against inflation, the attainment of the social objectives of the EEC Treaty and the establishment of common policies for energy and trade. Undertakings in many branches of industry should adjust their scale to the dimensions of the Common Market and to research requirements. To achieve this, the EEC Commission should encourage competition by keeping the application of the cartel regulations constantly under review and taking measures to create a European capital market.

A prerequisite for the creation of the United States of Europe is, according to the Action Committee, the speeding up of political integration. In this connexion, it advocates the merger of the three European Executives, the widening of the budgetary powers of the European Parliament and - as proposed by the Italian Government - the direct election of half the members of the European Parliament, the remainder continuing to be nominated by the national parliaments. The total number of members should be doubled. Furthermore, the President of the new European Commission would have to be confirmed in office by the Parliament on a proposal of the Council of Ministers. In addition, a Treaty modelled on the lines of the EEC Treaty and covering defence and foreign policy should in due course be negotiated.

The Action Committee lays special emphasis on the need to keep the European Community open to the democratic countries of Europe. It attaches particular importance to the accession of the United Kingdom and reaffirms its conviction that "the United Kingdom belongs to Europe and a fresh opportunity for its accession to the European Community must be created". If, however, contrary to expectations, the United Kingdom fails to join the developing economic and political union of Europe, she must "relinquish the prospect on her own initiative".

The Action Committee described a partnership between a united Europe and the United States as both "natural and essential". This partnership must be brought into being gradually on a basis of equality so as to enable major economic problems that "can be resolved only through continuous concerted action by the United States and a united Europe" to be effectively dealt with. The Action Committee therefore proposes that "a Committee should be set up as a link between Europe and the United States for those spheres in which Europe has already begun to become established, i.e. in the EEC. This Committee would have the task of co-ordinating the different views on problems arising, in so far as these called for action".

As regards a common nuclear policy, the Action Committee regards world-wide control of nuclear devices as "more necessary than ever". It states:

"The United States and Europe must not wait for the political and military unity of Europe to become an established fact before tackling nuclear problems on a basis of mutual understanding. A start should be made right away by the United States and those countries of Europe that are prepared to play a part in the common undertaking.

The aim is not to increase nuclear strike forces but to create the conditions for their gradual abolition."

Europe must contribute not only to conventional strike forces but also to the nuclear potential of the West. Such a contribution cannot be made at the national level but only within the Atlantic Alliance: "otherwise the trend towards the setting up of national nuclear strike forces, which is in direct conflict with the concept of European integration, would become more and more pronounced in an increasing number of countries". The plan for a multilateral nuclear strike force, on the other hand, could serve as the basis for a Community organization. The Action Committee specified at this point a number of conditions that must be met by the agreement on a multilateral nuclear strike force at present being negotiated.

Finally, the Action Committee advocates that an "arrangement for a genuine form of co-existence" should be worked out between the USSR on the one hand and Europe and the United States on the other, even though it is still too early to establish even the broad outline of an arrangement of this kind. The Action Committee concludes by re-affirming that peaceful and enduring co-existence between the West and the USSR can be brought about only through the unification of Europe and a partnership with the United States. (Die Welt, 3 June 1964)

General problems

2. Reflections on the paradox of Europe

In a recent editorial in the "2ème siècle fédéraliste" headed "the paradox of Europe", the writer argues that against the background of the cold war the process of building Europe has forged ahead almost without deviation, side-stepping the razor's edge on two occasions: from 1948 to 1954 and from 1955 to 1960. There has been an almost unbroken sequence from the union staked out by the Council of Europe to the Coal and Steel Community and the attempt to form a European army and agree the concomitant political statutes. After the "breakdown" in 1954, the Community idea took shape once again in the Rome Treaties and the demonstration by the Six of their solidarity.

Around the year 1960 when the "thaw" came, the thread was broken. While the Common Market was showing its vitality, there emerged a divergence among the strictly political views of the Six. It is true that since the Congress of The Hague 16 years ago the points at issue have remained fairly constant - Europe's attitude to America, Britain's attitude to the Continent and the wrangles about intergovernmental or supra-national institutions. Basically there is nothing new but attitudes have become hardened and more entrenched. The resulting situation is a paradox: at the very moment of Europe's true entry on to the world's stage it appears as a mass of contradictions.

French contradictions. The day following the most recent meeting of the Six found Mr. Pisani declaring that the German rejection of a single price for cereals was "one of the saddest days in the construction of Europe", to which the Germans retorted that France was only supporting the Mansholt Plan because it fitted in with her national interest and that the final sacrifice (despite compensations) being asked of them attracted no quid pro quo in the form of a vigorous move towards integration. As to the "Europe of the Europeans", a necessity if one intends to present a solid front at the Kennedy negotiations and achieve equal partnership with America, this could only be regarded as an acceptable French demand if it led to something more than the rather nebulous, more or less Federal Union beyond which our Government is unwilling to go.

German contradictions. Chancellor Erhard is credited with intending to promote a revival of the political construction of Europe at a time when post-Adenauer Germany seems both economically and politically to be veering more and more towards a loose Atlantic union. By the same token, the party holding the majority in the Federal Republic, the CDU-CSU, is

gradually splitting into two groups: the "Erhard Group", whose backing comes mainly from Protestant, industrial and liberal opinion currents and the "Strauss Group" whose support comes from Roman Catholic and agricultural interests and which is in favour of more organization. The scene on both sides of the Rhine is a kind of topsy-turvy ballet. While French supporters of integration consider that nothing can be done at present except waiting for a more propitious moment, French Government circles are thinking of resurrecting the Fouchet Plan. Beyond the Rhine, however, it is those Germans who have kept most closely to Adenauer's European policy that are most sympathetic towards the French official line. It is not unworthy of comment that the present Federal Chancellor lays stress on the economic sacrifices that he would be ready to make to bring about the reunification of his country which gives the impression that for him this would take precedence over European unity. Nor does he seem to realize that his unconditional loyalty to America is making reunification more difficult; indeed reunification would be easier in a Europe entirely free from any subordination to Washington.

Dutch, Belgian and Italian contradictions. In Rome, as in Brussels and The Hague, any negotiations on a political Europe that did not involve the United Kingdom is rejected out of hand. Yet it must be known in these capitals that the United Kingdom is even more reluctant about supranational integration than France, even though this is the rider they add. A similar attitude may be found among the French opponents of the government's policy; they have suddenly become pro-British, whereas at one time they were extremely sceptical about Britain's ideas on Europe.

These crippling paradoxes can only be escaped by ignoring prejudice and presumed intentions. A politically united Europe, even embryonic, cannot be achieved unless the Economic Communities are strengthened; on the other hand, it is also unthinkable without agreement between the governments. Mutual concessions are essential as are definite initiatives; and these must not smack of "I told you so" reproofs; the Community method emerged from a Treaty between our nations. It is the only means left to us whereby we can progress from a Europe of contradictions to a Europe that is united. ("Le 20ème siècle fédéraliste", 12 June 1964)

3. The European Parliament and the harmonization of European laws

The "French Committee for the Pan European Union", whose Chairman is Mr. Terrenoire, a Member of the European Parliament, has published a series of comments in its news bulletin on the

General problems

harmonization of European laws. The view is advanced, in particular that in the long run the technical progress of the Common Market will be irreconcilable with the diversity of national laws; it was even rather astonishing that no differences had as yet occurred that might have induced certain states, prejudiced by disparities consequent on the harmonization clauses not being applied, to invoke the exemption machinery and provoke a chain reaction of retaliatory measures. For the fact should not be concealed that in such an eventuality the conciliatory rôle of the Commission, the Council of Ministers and the Court of Justice could easily be impaired. It was principally in order to preclude contingencies of this type that the harmonization of national laws should be initiated.

The European Parliament can and must look into this. The Members of the European Parliament, responsible as they are for law-making in their own countries, are surely those best qualified to compare disparities between national laws and to suggest their approximation. With the assistance of experts who would examine each case on its merits, the Members of the European Parliament would also be in a position to take an overall view of the implications of this or that approximation of detail that the experts might have proposed to bring about overall solutions.

It is often suggested that the European Parliament is to some degree working "in a vacuum". The Members of the European Parliament however could fulfil a most useful if not very dramatic function if they began by exchanging information on matters of law and jurisprudence indicating those points that seemed most worthy of priority attention by the legal co-operation services - that could be created in the various countries and at the Community level - and then by making suggestions and discussing those of the experts. This could be done calmly and collectedly and the Parliament would acquire the image of a genuine legislative chamber, thereby enhancing its own authority.

Such an increase in the powers of the European Parliament could be effective at once whereas other changes planned for the future of the assembly could not be achieved immediately because the governments of the Six were unable to reach unanimous agreement on them.

There is no sign in mid-1964 that there will be any dramatic decisions or events in regard to the building of Europe; advantage should be taken of the present period of calm to initiate a work that will take a long time but which will offer a hopeful prospect of fruitful co-operation: bringing European laws back to the anvil. (Monthly Bulletin of Information of the French Committee for Pan-European Union, No. 31)

II. ASSOCIATION WITH AND ACCESSION TO THE COMMUNITIES

Chronological summary

Overseas countries and territories

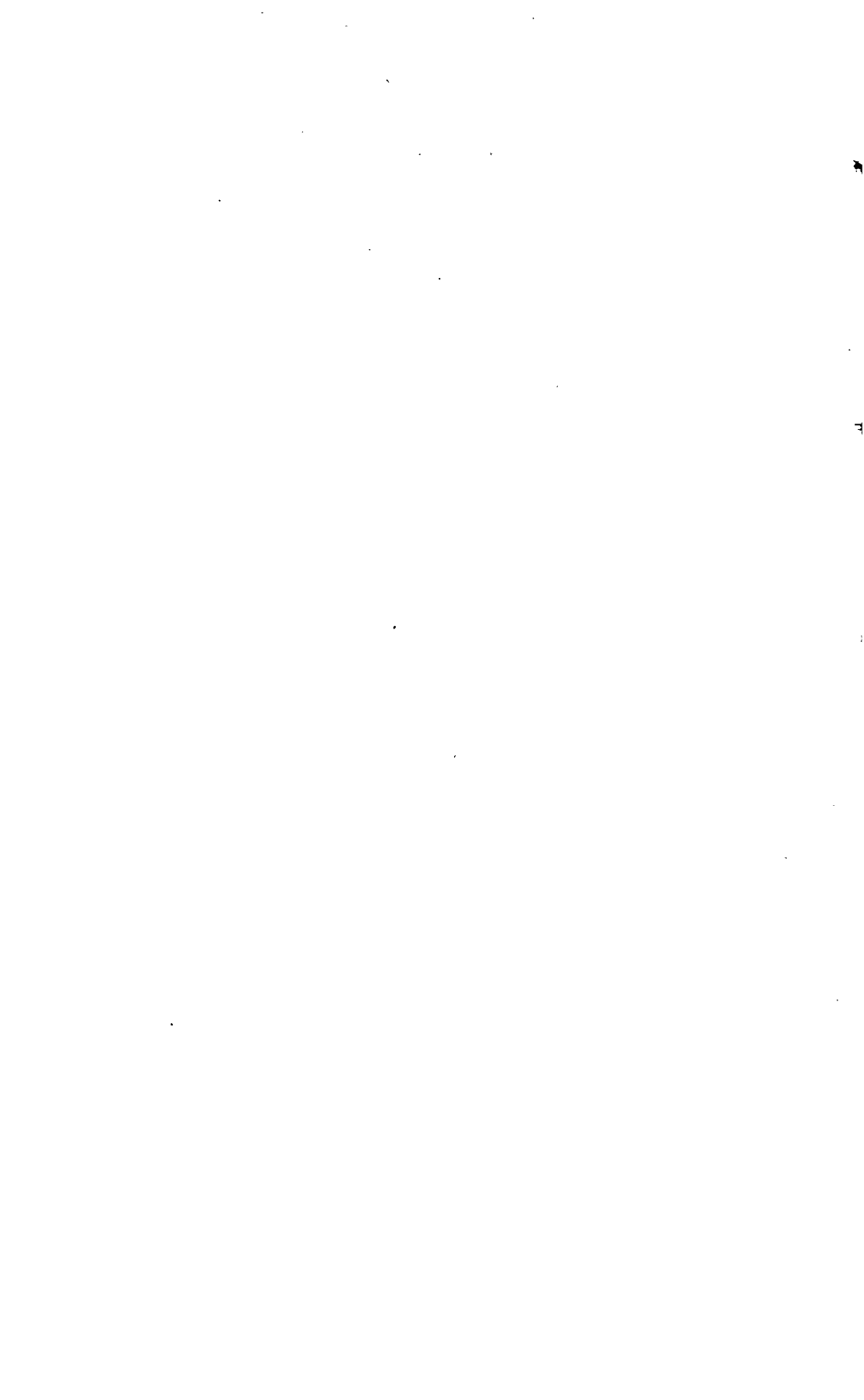
1 June Coming into force of the EEC Council decision concerning the association of overseas countries and territories with the Community for a further five years. (The decision applies to Saint-Pierre and Miquelon, the Comore Archipelago, French Somaliland, New Caledonia and dependencies, the Wallis and Futuna Islands, French Polynesia, the South Pacific and Antarctic territories, as well as Surinam and - after the conclusion of the ratification procedure - the Netherlands Antilles).

Nigeria

2 June Meeting in Brussels of the EEC Council. Mandate accorded to the EEC Commission to initiate association negotiations with Nigeria.

Turkey

9 June Depositing of the instrument of ratification of Luxembourg to the Association Treaty between the EEC and Turkey.



III. ASSOCIATION WITH THE AFRICAN STATES AND MADAGASCAR

Chronological summary

1 June Coming into force of the Association
Convention between the EEC and the
Associated African States and Madagascar.



IV. EXTERNAL RELATIONS

Chronological summary

16 June

Closing session in Geneva of the World Trade and Development Conference.

Israel

4 June

Signing in Brussels of the trade treaty between the EEC and Israel.

Spain

2 June

Meeting in Brussels of the EEC Council. Written reply to the Spanish Government's formal request of 9 February 1962 for the opening of negotiations with the EEC.

External relations

1. Signing of Trade Agreement between the EEC and Israel

The Trade Agreement between the European Economic Community and Israel - the second of this type, following the agreement with Iran, that the Community has concluded with a third country - was signed in Brussels on 4 June 1964. Mr. Fayat, officiating President of the EEC Council, Professor Hallstein, President of the EEC Commission and Mrs. Golda Meir, Israeli Minister for Foreign Affairs, expressed their satisfaction at the successful conclusion of negotiations that had been started more than two years ago.

Mr. Fayat said he was convinced that the trade agreements with Israel and Iran had "paved the way for similar arrangements between the Community and other third countries". Furthermore, the agreement with Israel was further proof of the Community's resolve to pursue a liberal trade policy in its relations with the world at large and to support to the utmost the efforts of many third countries to expand their economies.

The agreement with Israel also showed - Mr. Hallstein went on - that the Community was loyally discharging its international obligations and the GATT regulations in particular. The agreement did not, of course, satisfy all the wishes of the Israeli partner, but it should not be forgotten that "the negotiations brought us face to face with problems that were particularly difficult - for the Community at least - as they were entirely new and raised issues of a fundamental nature. This agreement, too, should be numbered among the early achievements of the Community." Mr. Hallstein noted with satisfaction that "the concessions which the Community has been able to make to Israel form a really impressive list". Nevertheless, the agreement should not be regarded as a gift from the Community. However, by improving Israel's terms of export, and thus easing its currency situation, it would assist in the long term in increasing Israel's imports and, as a result, the Community's own export potential.

Mrs. Golda Meir declared that "the people and the Government of Israel regard the signing of this agreement with the Common Market as an event of great significance for our country" It was not regarded as a gift; indeed, Israel intended to prove that the agreement would be of great benefit not only to itself but to all the parties concerned. An even more important consideration, perhaps - and one that concerned all the peoples of the world - was that the agreement could provide an opportunity to show that "no people in this world can or should live alone and the Member States of the Common Market had to make certain con-

cessions." Mrs. Golda Meir expressed the hope that all these countries would realize that what appeared to be a concession was in fact no loss but a profit. (EEC Council Report, 4 June 1964)

2. The basis of British foreign policy

"Relazioni internazionali", the Italian foreign policy weekly, has published an article by Lord William Strang, who was for many years Permanent Under-Secretary of State at the Foreign Office. It represents an analysis of British foreign policy in the light of its main principles and aims.

Dealing with relations between the United Kingdom and developing countries and with the Europe of the Six, Lord Strang made it clear that the United Kingdom considered it a moral obligation to provide economic, financial and technical assistance to developing countries both within and outside the Commonwealth. This was not only in the national interest - it also served the cause of peace. As Mr. Maudling, Chancellor of the Exchequer, had pointed out, it provided the United Kingdom with new openings and new objectives. The assistance given may come from the United Kingdom's own initiative or it may be part of a co-ordinated effort by the Western Alliance. The aim of the United Kingdom in this respect is to develop a common policy with the United States and the countries of Western Europe both within the framework of the United Nations and outside it. One of the organizations through which this policy can effectively be carried out is the Organization for Economic Co-operation and Development.

The United Kingdom's trade policy is aimed at the same object. By means of commodity agreements to stabilize raw material prices and by reducing or abolishing customs duties through the agency of GATT, the United Kingdom is endeavouring to help the developing countries to become economically sound.

The United Kingdom has, since the end of the Second World War, established ever closer links with Western Europe. In the same way as Canada had forged close links in the economic, financial and military spheres, with the United States and in the same way as Australia and New Zealand are creating new trade links in Eastern Asia with Japan and South East Asia, the United Kingdom is impelled through regional attraction to create ever closer contacts with the prosperous industrial complex of Western Europe of which it forms a natural part.

External relations

British co-operation with Western Europe began with the OECE, the European Payments Unions and the former European Free Trade Zone, going on to the still existing and flourishing European Free Trade Area and to the negotiations for accession to the European Economic Community that were frustrated by the action of France. The policy of the British Government, however, is to keep open the paths to a possible future agreement with the EEC, to do nothing that would render unnecessarily difficult a resumption and successful conclusion of these negotiations and, in general, to take an active part in the development of the political and economic union of Europe.

It is the conviction of the British Government that the accession of the United Kingdom to a Western European Community that is becoming ever more united economically and politically would enhance the prosperity of the United Kingdom and the whole Community. This would not prejudice but rather greatly strengthen the international position of the United Kingdom and its relations both with the United States and with the Commonwealth countries. With the multi-racial family of the Commonwealth, however different the points of view of their members and however divergent their international alignments may be, there are links that are valued by all and that no British Government would like to weaken for they represent a factor for stability in a changing world. Sir Alec Douglas-Home, the British Prime Minister, has described interdependence as the concept that links the United Kingdom to its associates and which the British Government intends to develop and strengthen in its foreign policy. (Relazioni internazionali, 13 July 1964)

V. ECONOMIC POLICY AND ECONOMIC SECTORS

1. The Free Trade Unions opposed to any delay in fixing a common price for cereals

In November 1963, representatives of the trade unions of farm labourers and food industry workers - affiliated to the International Federation of Free Trade Unions - had welcomed the EEC Commission proposal for a single-stage approximation of cereal prices. Meeting in Brussels on 12 June 1964, they deplored the Council resolution of 3 June to defer any decision on a common cereal price to 15 December 1964.

In a public statement, the trade unions "urged the six governments to reconsider their decision in order to avoid the very grave consequences for the common agricultural policy, European integration and the internal and external balance of the Community, that might result from the incapacity of the Council of Ministers to fulfil the obligations it had entered into of its own accord on 23 December 1963".

In the opinion of the trade unions, the Mansholt Plan was a "reasonable starting point" since the approximation of cereal prices would automatically lead to price approximations for other agricultural products.

"In view of the delay that has already occurred", the statement continued, "in fixing a common price for cereals as a result of the stubborn opposition of the Federal Republic to any lowering of their prices, the trade union movement feels compelled to draw the public's attention to the danger of a general increase in food prices - the inevitable rider to lack of progress in terms of streamlining production and reorganizing agriculture. Apart from the risk of larger surpluses accumulating in sectors that are already supersaturated, an excessive increase in cereal prices would lead to serious balance-of-payment difficulties for certain states; these would find themselves forced, on the one hand, to pay more and more subsidies to boost wheat exports and, on the other, to import appreciable quantities of other agricultural products."

In this connexion, the trade unions particularly insist on the "fixing of a common price for feed grains so as to avoid perceptible damage to production costs of processed products and thus enable these products to remain reasonably competitive. It is the duty of the Commission to adjust its proposal concerning a basic price for wheat so that a reasonable balance between wheat and feed grain prices is maintained."

The Free Trade Unions furthermore stress "that in view of the present economic situation, any increase in the cost of living resulting from an increase in food prices must be avoided."

The consequence of a lack of a decision by the Council of Ministers on the common cereal price had a bearing on the Kennedy Round, "the trade unions therefore warn all the Member States against an attitude that could result in responsibility for a breakdown in the important and vital GATT negotiations being laid at the door of the European Economic Community."

The trade unions assure the Commission "that they fully support their efforts in achieving a clear, sound and common policy in regard to the standardization of prices of agricultural products. They strongly urge the Commission to implement the social and structural policies that are an integral part of the common agricultural policy, and assure them of their full and unanimous support." (Press release from the European Trades Unions' Secretariat, 12 June 1964)

2. Cereal producers and the common agricultural policy

On 4 and 5 June the 40th Congress of the General Association of Wheat Producers was held in Compiègne.

Mr. Mansholt, Vice-President of the Common Market Commission, and Mr. Pisani, French Minister for Agriculture, had been invited to address the Congress.

Mr. Deleau, the Chairman, expressed concern at France's attitude: "the cynics are alleging that none of the six governments wanted a price approximation and that everyone was hoping that the onus of opposing it would lie upon another country. This was definitely not our line of reasoning but you would reassure us by telling us that it was no one else's either!"

In reply the French Minister said: "You ask me whether France's determination has not in recent weeks given way to a mood of caution and whether the cereal price approximation did not seem to the French Government to be out of key with the stabilization plan. I can tell you quite frankly that if the Mansholt Plan had been kept in its original form, with a single price coming in as from the beginning of the present marketing year, the French Government, despite its sympathy with Mr. Mansholt's

views, would not have subscribed to it and would have used every known resource in its power to see that it was rejected.

However, the French Government was entirely convinced of the merits of this plan in its second draft, postponing until a later date the actual introduction of a single price, which it was essential to work out in the first phase."

For his part Mr. Mansholt proved critical of the Federal Republic. "The common agricultural policy has come to a dead-lock because of refusal by one Member State to give effect to one of the key points in the decisions of January 1962," he said. Yet he did not spare France either and drew a parallel between her attitude at the recent cereal price discussions and that at the "non-stop" talks in January 1962 and in December 1963.

"If we achieved any result in these latter two cases, Mr. Mansholt pointed out, it was because one government, and you know which government I mean, was determined to succeed."

The Commission Vice-President then sought to draw the implications of the Six's rejection of his plan for approximating prices.

The protection afforded to agricultural products within the EEC was practically the same as in 1958 because there had been little change in prices and unless these were brought closer together, it was legally impossible to reduce the level of this protection. This was a shocking situation when compared with the speed with which customs had been dismantled in the industrial sphere; it was indeed a very serious situation for, as Mr. Mansholt said: "it is putting the brake on trade which is growing only slowly and it is preventing certain areas and countries from specializing in terms of their economic production potential."

A solution was suggested by Mr. Deleau when he asked the Commission Vice-President to consider the possibility of "modifying intra-Community levies so as to make the markets of the six countries fully interdependent and prevent Member States from continuing to pursue national policies." (Le Monde, 7-8 June 1964)

P a r t II

THE PARLIAMENTS

Chronological summary

I. EUROPEAN PARLIAMENT - COUNCIL OF EUROPE

12-13 June Joint session in Strasbourg of the European Parliament and the Consultative Assembly of the Council of Europe. Submission of the Activity Report of the European Parliament and debate on "The EEC - a factor in world trade".

II. EUROPEAN PARLIAMENT

15-19 June Session of the European Parliament in Strasbourg

15 June Parliamentary immunity of two members of the European Parliament.

Provisional budgetary estimates of the European Parliament for 1965.

15-16-17 June Activities of the ECSC.

16 June ECSC budgetary and administration questions.

17 June Submission of the Seventh Euratom General Activity Report.

17-18 June Road Transport within the Community.

18 June Submission of the Seventh EEC Commission General Activity Report.

Talks between the EEC Commission and the Spanish Government (oral question without debate).

The Parliaments

Approximate of legislative provisions concerning cocoa and chocolate.

Parliamentary co-operation with the Associated African States and Madagascar.

Statement on the economic situation in the Community.

Hygiene in trade in meat products.

Common Market organization for sugar.

Draft EEC directive for a common agricultural policy.

19 June Freedom to supply services in agriculture.
Trade in plants, seedlings and forestry products.

Forestry reproductive products.

III. NATIONAL PARLIAMENTS

Germany (Federal Republic)

5 June Bundestag and Bundesrat opinions on the EEC proposal for a third directive for implementing Article 67 of the Treaty.

Opinion of the Bundesrat

- on the EEC draft directive for the introduction of common rules for cross-frontier passenger road transport,
- on various EEC draft directives on trade in seedlings, plants and forestry products.

10 June Introduction of a draft law by the Social Democratic Party (SPD) on the election of German Members of the European Parliament.

- 25 June First reading of SPD bill; debate on FDP and SPD motions relating to parliamentary and budgetary control of the European institutions and to the democratization of the Communities.
- 26 June Approval of bills for the implementation of EEC regulations Nos. 13/64 (milk and dairy produce), 14/64 (beef) and 16/64 (rice).

Eleventh Joint Session of the Consultative Assembly of the Council of Europe and the European Parliament

The Eleventh Joint Session of the Consultative Assembly of the Council of Europe and the European Parliament was held in Strasbourg on 12 and 13 June 1964.

Two reports had this year been laid before the meeting:

1. The Report on the Activities of the European Parliament for the period from 1 May 1963 to 30 April 1964, which also covered matters arising from the EEC's position in world trade. This report was prepared and submitted to the Assembly by the Belgian representative Mr. Dehousse (Socialist Group);
2. The Report of the Consultative Assembly of the Council of Europe on Europe's position in world trade, submitted by Mr. Czernetz (Austria, Social Democrat).

As pointed out by Mr. Dehousse in his report on world trade questions, the EEC could today be regarded as the world's largest trading area. In 1962 its exports accounted for about 17 per cent, and its imports for about 19 per cent of total world trade (excluding trade with the Eastern bloc).

A comparison between the development of EEC's trade and that of EFTA and the USA since 1958, when the EEC was established, shows that the rate of growth of both exports and imports has been far higher in the EEC's external trade.

The question of how to assess the obviously significant economic strength of the EEC and its outstanding vitality on a world scale led the Rapporteur to analyze the following questions:

1. Trade relations between the EEC and the developing countries;
2. Its relations with the industrialized countries of the West;
3. Its relations with the State-trading countries of the Eastern bloc.

The Rapporteur saw in the constant deterioration of relations between industrialized and developing countries - and those supplying raw materials, in particular - one of the main structural weaknesses of present world trade.

He stressed that the EEC was conscious of its responsibility to help economically threatened areas to the utmost, and drew attention to the immense efforts the EEC had already made to solve their problems. Thus, EEC imports from the developing countries were about ten times greater than those of the USSR, and about twice as much as those of the United Kingdom.

The trade agreement with Iran and others in preparation with developing countries, the Association with the African States and Madagascar, agreements with the United Kingdom for the reduction of import duties on certain tropical products and of the common external tariff on a number of other tropical products such as coffee and cocoa, provided further clear proof of the outward-looking character of the EEC's external trade policy.

Further opportunities for the EEC to exert a constructive influence on world trade existed particularly in respect of raw materials, semi-finished and finished goods, and in the improvement of trade techniques.

As regards relations between the EEC and developing countries, the essential point to bear in mind was that the EEC was not displaying autarchic tendencies and that its formation as a regional economic group had not been an obstacle to the development of world trade, or, therefore, to the solution of the economic problems of the developing countries. On the contrary, the EEC had shown itself to be a positive and dynamic factor in world trade and had therefore contributed towards raising the living standards of other peoples.

On the subject of trade relations with the industrialized countries of the West, the report particularly welcomed the initiative that led to the Kennedy Round which, it was hoped, would not only lead to the negotiation of reciprocal customs concessions but also prove to be the first step towards trade talks based on a new understanding of the far-reaching problems of world trade.

A successful trade policy towards the Eastern bloc, or individual State-trading countries forming part thereof, called for a determined attitude on the part of the Community and for unreserved recognition of the Community as an economic unit by the Eastern bloc. The Community could not continue indefinitely to make concessions every time a bilateral trade agreement was extended if it wished to avoid speculation on the part of individual countries of the Eastern bloc on conflicts of interest between the six Member States.

In general, it could be said that the EEC depended to a high degree on structurally sound world trade. The Six would take part in any serious effort to re-shape the structure of world trade, in particular of trade relations between raw material suppliers and industrialized countries.

The global development policy would have to be reinforced by regional programmes. Programmes such as those drawn up for Latin America would also have to be introduced for Asian countries.

The problems in question had been encountered, however, not only in the EEC countries themselves but also in non-member countries of Europe. Whether the undertaking as a whole would be crowned with success would largely depend on the existence of energetic co-operation.

In his report, Mr. Czernetz, Rapporteur of the Consultative Assembly of the Council of Europe, passed from a qualitative analysis of Europe's position in world trade to the great responsibility resulting therefrom for the external and trade policy of the west European countries. In the final analysis, only a west European and U.S. policy animated by a common spirit - an overall political approach at the Atlantic level - could carry out the immense commercial tasks of the present and the future, namely:

- liberalization of world trade in the Kennedy Round;
- promotion of trade with the Eastern bloc;
- constructive and impartial assistance to the developing countries with a view to gradually raising their standards of living to the level of western countries.

In the debate, which was led by Mr. Duvieusart, President of the European Parliament, and Mr. Pflimlin, President of the

Consultative Assembly of the Council of Europe, the representatives of the three European Executives, as well as the two Rapporteurs and others, also took part.

Mr. Del Bo, President of the High Authority of the European Coal and Steel Community, welcomed the inclusion of general tariff negotiations in GATT. The High Authority was convinced that these negotiations would offer a valuable opportunity of establishing a more balanced situation on the world steel market. This was of advantage both to Member States of the ECSC and to all third countries. In addition to achieving harmonious dismantling of customs barriers, which even today showed considerable disparities, it was above all essential to tackle the problem of other measures equivalent in effect to customs duties, for example, anti-dumping measures, the determination of customs values and other protective measures.

The High Authority was clearly striving for the approximation of customs duties in the large industrialized countries and at reasonable tariff rates.

The Treaty establishing the ECSC lays down that the Community institutions should ensure that the needs of the Common Market are systematically provided for while taking account of the needs of third countries, and should to this end foster trade between states. In the spirit of these provisions of the Treaty, the external tariffs of the ECSC have been harmonized and brought down well below the arithmetic mean of those of Member States. This afforded convincing evidence of the Community's intention to keep its doors open to the outside world.

The outward-looking character of the ECSC was also clearly reflected in the high rates of increase of iron-ore and iron and steel imports. The steel exports of the Community have grown at a less rapid rate. Imports of coal have also exceeded exports.

The protective measures adopted by the Community in 1963 and at the beginning of 1964 with a view to restoring normal steel prices had been carried out with an eye to the interests of third countries. As results have shown, the measures taken were the right ones.

Mr. Hallstein, President of the Commission of the European Economic Community, dealt with the structure in terms of value of the Community's imports and exports, the instruments of trade policy and the basic commercial decisions of the Community.

As the largest importer in the world, the European Economic Community had done more than any other trading group to meet its responsibility for liberalizing world trade.

It followed, however, from the degree of its responsibility for external trade that the Community, in the interests of self-preservation, had to safeguard its competitive strength. It would be short-sighted to dwell exclusively on the catalogue of successes achieved. Once customs barriers were down, competition among industrialized nations would step up sharply.

If its trade policy was to be effective, the Community required instruments commensurate with its standing as a trading power. Admittedly, the Treaty of Rome called for co-ordination of the trade policies of Member States vis-à-vis third countries with a view to ensuring that, at the end of the transitional period, the rules of the various domestic trade policies would be welded into a single, uniform Community trade policy. Nevertheless, the greater part of this undertaking still remained to be accomplished.

One of the fundamental trade policy decisions of the Community was that the freest possible multilateral trade, based on the strict application of the most-favoured nation treatment, was the best system for states that had reached an advanced stage of economic development. As a result of this policy, the economic integration of the Six, far from harming trade with European neighbours, had actually promoted it.

The Community would do its utmost to ensure the success of the Kennedy Round. The competition to be expected after trade barriers had been dismantled should help to preserve economic stability, and particularly to ward off the danger of inflation.

As regards the Community's trade policy vis-à-vis the Eastern bloc, President Hallstein pointed out that this had still to be developed and had to acquire the requisite instruments.

The Community's future policy would have to ensure a balance between a liberal import policy that would enable countries of the Eastern bloc to acquire the foreign currency necessary for their purchase in the West, and a system of control measures to prevent disturbances of an economic or political nature on the Common Market.

The responsibility of the Community in respect of the economic difficulties of the developing countries is clearly to make the peoples of Asia, Africa and Latin America partners in a common, interdependent progress such as is already taking place in the Atlantic economic area. What remains in dispute is how to bring this about.

It cannot be denied that there exists immense inequality between the industrialized and the developing countries and, at times even more pronounced, between the advanced and the less-favoured developing countries. In order to render the free-market economy efficient in trade with the developing countries, it is essential that the industrialized countries should introduce a number of selective measures to be applied on a decreasing scale over specific periods. A development catering for individual needs is a necessity.

The much-extolled notion of a cosmopolitan and indiscriminate humanitarian development policy that was set up as a model against the policy just described, was unrealistic and economically unpractical. To assume that the Community could help effectively by emptying its horn of plenty indiscriminately was to indulge in Utopian fancies. The scope for aid was limited. The developing countries themselves bore the main responsibility for making economic progress. The Community could and would provide help only where self-help was first resorted to.

The rejection of a featureless, uniform, world-wide development policy by no means implied that the Community's tasks in this sphere were defined on a regional basis. On the contrary, the aims in the Near and Far East, Latin America and Africa had constantly to be defined afresh against the living background of international events.

Mr. Medi, Vice-President of the Commission of the European Atomic Energy Community, pointed out that Europe should face its responsibilities towards countries that needed help to raise their living standards more rapidly. It should not content itself with providing material aid but should also apply itself to the peaceful task of assisting in the training of the leaders of these countries and in their cultural and scientific development.

In the course of the debate, Mrs. Strobel, the German representative and Chairman of the Socialist Group of the

European Parliament, warned of the slight undertone of complacency that could be detected here and there at what were certainly impressive statistics. This demonstration of the economic strength of the European Economic Community, and its importance for world trade, should lead above all to recognition of the magnitude of the responsibility involved.

The fact that the EEC could not, and did not want to be an exclusive club for the rich should be demonstrated by a more constructive handling of the association wishes of Israel.

The EEC's achievements had been on a grand scale but they would remain insufficient so long as Europe could not speak with one voice and negotiate with one will, and contribute as it should to overcoming poverty in the world.

Mr. Emery (United Kingdom representative) stressed the importance - regardless of statistical evidence - of grasping quite clearly that the EEC and EFTA had a great task to accomplish to bring about greater liberalization of world trade. He advocated the greatest possible flexibility of trade policy both in EFTA and the EEC and in individual Member States in their trade relations with the East.

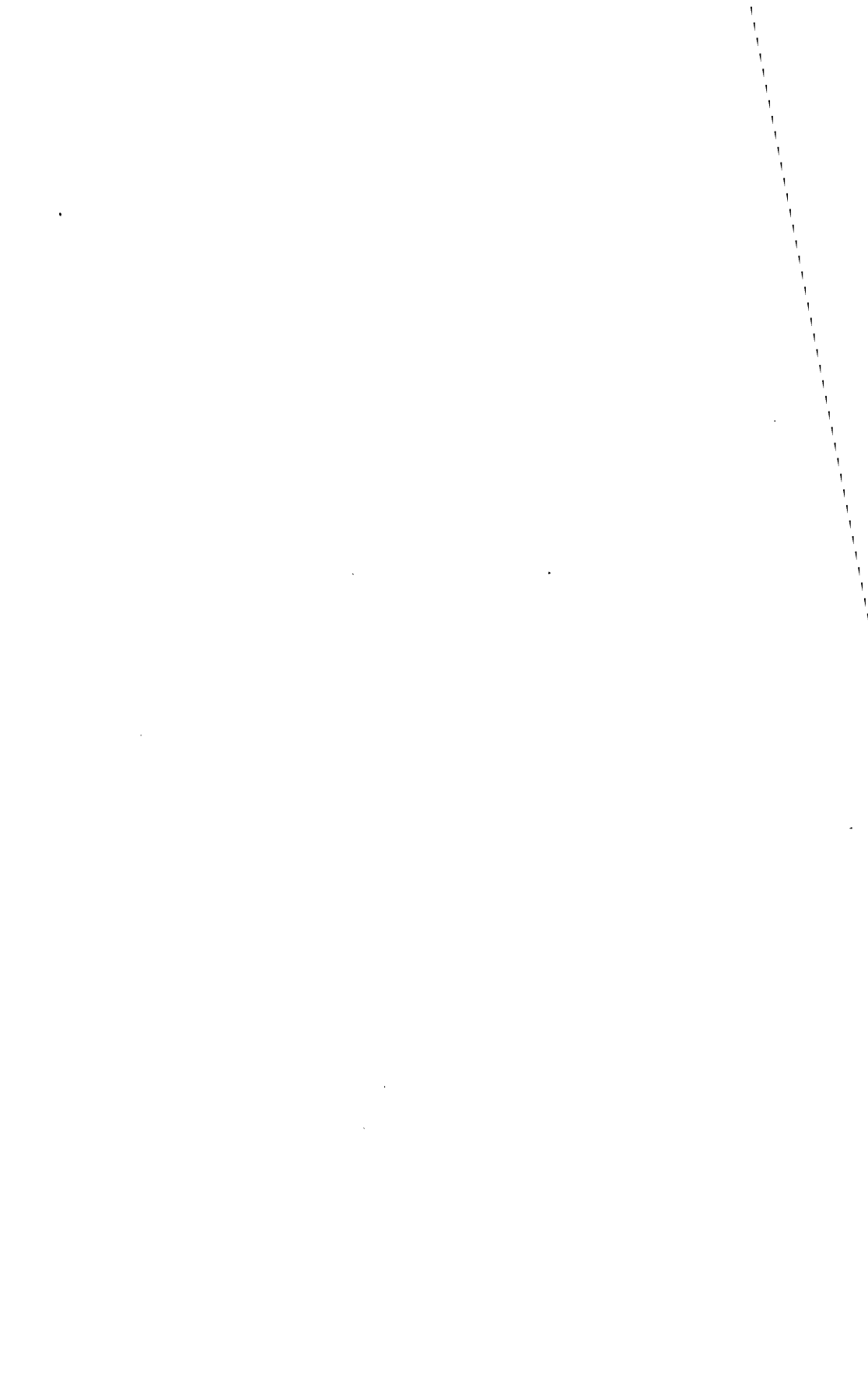
Mrs. Probst, the German representative (Christian Democrat Group of the European Parliament), dwelt particularly on the development problems of South America, and advocated commercial, financial and technical aid for the establishment there of an internal market. The Latin Americans pinned high hopes on help in opening up and expanding their continent, so full of promise because of its mineral wealth, its economic potential and the capabilities of its inhabitants.

Mr. Duft (Switzerland) pointed out that as long as good will prevailed, nothing stood in the path of constructive cooperation between the EEC and EFTA. Europe's main need was an understanding between the two economic areas on a co-ordinated approach. Only then could the success of the Kennedy Round be ensured also in the context of the "European idea".

Mr. Federspiel (Denmark) expressed disappointment that, in spite of the readiness of a number of countries to enter the Common Market, there was no sign of any encouragement on the part of the Six. He invited EEC Member States, and the Commission

in particular, to think over the situation and to arrest the present trend - especially in agricultural policy - towards a widening of the gap that existed between the EEC and EFTA.

The debate ended with brief speeches by Mr. Del Bo, President of the High Authority of the ECSC, Mr. Rey, Member of the Commission of the European Economic Community, the two Rapporteurs, Mr. Czernetz and Mr. Dehousse, and the President of the European Parliament, Mr. Duvieusart.



II. EUROPEAN PARLIAMENT

June session of the European Parliament in Strasbourg

The parliamentary immunity of two Members of the European Parliament is withdrawn

On 11 May the Parliament decided to adjourn the debate on the withdrawal of parliamentary immunity from two Members of the European Parliament (1). On 15 June the debate was resumed with a report by Mr. Weinkamm (Germany), Rapporteur, recapitulating the proposal made by the Legal Committee that immunity be withdrawn from the two Members in question.

Mr. Dehousse (Belgium) then stated that the Socialist group would vote against the proposed resolution; he argued that the problem of immunities had not to date been sufficiently examined. He further considered that the European Parliament should in no case bow, without further ado, to the opinion of the national parliament concerned. He would not, he said, countenance partisan attitudes here.

Mr. Illerhaus (Germany, Christian Democrat) on the other hand approved the position adopted by the Legal Committee as he felt that the Parliament's prestige would be impaired if its Members invoked their immunity at the European level in connexion with disputes at law that bore no relation to European problems.

Mr. Janssens (Belgium, Liberal) shared this view and stressed that this case should give the Legal Committee an opportunity to prepare an amendment of the Parliament's rules of procedure.

In reply to a question by Mr. Comte-Offenbach (France, unaffiliated), Mr. Dehousse stated that in his opinion "a fair-minded person ought to be able, simply from reading a dossier, to arrive at a conviction, without being prejudiced by extraneous considerations".

Mr. Kreyssig (Germany, Socialist) called upon his colleagues in the Bundestag to abide by its traditions in this case.

(1) See Monthly Bulletin, No. 6, 1964

Mrs. Strobel (Germany, Socialist) emphasized the integrity of the Members involved.

Following this exchange of views, the Parliament passed the resolution prepared by the Legal Committee under the terms of which the immunity of the Members involved must be withdrawn.

Preliminary draft budget of the European Parliament for 1965

On 15 June, in the light of a report (1) by the Budgeting and Administration Committee submitted by Mr. Weinkamm (Germany), Rapporteur, the Parliament voted the preliminary estimates of its revenues and expenditures for the financial year 1965.

The estimates showed certain increases over the previous year which were due mainly to the establishment of a "Robert Schuman Fund" for the granting of scholarships and to necessary increases in the establishment of the Secretariat.

After a short speech by Mr. Kreyssig (Germany), who approved the draft on behalf of the Socialist Group, the Parliament passed the preliminary draft estimates in the form in which they had been submitted by the Committee.

The Activities of the ECSC

In introducing his report on the Twelfth General Report on the Activities of the ECSC (2), Mr. Nederhorst, General Rapporteur, observed that the policy of the High Authority had seen a change of emphasis during the past year. While last year the Executive's lack of initiative and the inadequate information provided by the European Parliament had been severely criticized, it is now a fact that, as a result of the steps it had taken with regard to the common trade policy for steel and the signing of the Protocol of Agreement on energy policy, the High Authority's prestige had been enhanced. Moreover, the High Authority had improved its relations with the European Parliament, even

(1) Doc. 39, 1964-65

(2) Doc. 44, 1964-65

though, the speaker pointed out, there was room for improvement in some of the Executive's activities, particularly in connexion with agreements and concentrations.

A phenomenon that was spreading, Mr. Nederhorst stated, was the steady encroachment by the national governments on an increasing number of prerogatives they had, under the Treaty, entrusted to the High Authority. The prolonged delays over a number of difficult problems also tended to weaken the Executive's authority. And yet, despite the difficulties still to be resolved on the coal and steel market, confidence in the Executive had grown considerably. However, as it became concerned with an increasing number of questions not fully covered by the Treaty, the Executive was becoming more directly dependent on the Council, which meant that it was less subject to parliamentary control - the real responsibility remaining beyond reach. We should be on our guard against any weakening of the single Executive and against any attempt to interfere with the present budgetary powers of the European Parliament, said Mr. Nederhorst. Members of Parliament, too, have to stand up for their rights.

The speaker dwelt at length on the position of the trade union movement. Things that are taken for granted at the national level are often rejected at the European level. This was a serious matter, for social conflicts arise as a rule when the opportunity for reasonable discussion is refused.

The position of the two major economic sectors integrated in 1952 had, after a period of unprecedented expansion, become less favourable. The Treaty offered some scope for strengthening the Community industries, but the opportunities it affords are not exploited to the full. The speaker asked the High Authority to make a special survey of the modernization of the two basic industries.

It was still too early to express a final opinion on the increase in import duties on steel. The speaker asked how long the High Authority intended to maintain the increase in question and whether there had been disagreement on the subject in the Council of Association with the United Kingdom. He also wished to know when the High Authority would submit proposals for implementing the Agreement Protocol.

The opportunities open to the ECSC for pursuing an active social policy were much greater than those open to the EEC. It was particularly in regard to readaptation that it could provide useful protection to the Community's labour force. In the speaker's

opinion, the High Authority's right to exercise control over the execution of the readaptation process is indisputable, if only because it provides 50 per cent of the necessary funds.

The General Rapporteur went on to mention the benefit the workers had derived from Europe's unification, from the Miner's Code - whose significance was increasing daily - and from the construction of dwellings. It would be advisable for the High Authority to begin preparations for the sixth building programme without delay.

The forthcoming merger raises a number of problems. Which Treaty should be taken as a basis and which of the powers vested in the High Authority should be made over to the new Executive? In what way should the coal and steel sector be embodied in the new Treaty?

A further problem raised by the merger concerns agreements and concentrations. If the new treaty were to adopt the EEC system of obtaining prior approval, then the new Executive would be flooded with applications. 38,000 applications had already been received by the EEC Commission. The speaker asked the High Authority to ascertain whether a solution could be found by handing over these duties to a cartel office operating in pursuance of directives that would be subject to the approval of the Parliament. The High Authority's departments have the most experience in this field. The speaker considered it particularly advisable for the Executive to draw up a report on this matter since the Committee of Permanent Representatives is at present engaged in a confidential inquiry into the administrative aspects of this subject.

The General Rapporteur noted with satisfaction that the annual report of the High Authority had a much stronger political emphasis than in previous years and that it justified the statement that High Authority and Parliament shared a concern to avoid any weakening of supranational powers and the resolve to ensure a strengthening of powers of the Parliament.

Mr. Illerhaus, spokesman for the Christian Democrat Group, stated he was quite unable to endorse the general report. His Group rejected the report as a whole as it was full of criticisms of the High Authority, showing no confidence in the Executive and addressing 'pedantic admonishments' to the coal and steel industry of the Community whose good name it sought to impair. In the speaker's opinion, the draft resolution seemed designed to inveigle the European Parliament in stating unequivocally that the European

basic industries were lagging behind those of the USSR, the United Kingdom and the United States. Industry, the speaker said, was likely to regard the advice given in the report as superfluous. Mr. Illerhaus concluded by saying he was tabling a number of amendments to the report and pressed for the draft resolution to be re-worded in its entirety.

On behalf of the Socialist Group, Mr. Arendt congratulated the General Rapporteur on his report. There was no doubt that the spirit of initiative and political courage shown by the High Authority to an increasing degree during the past year would reap its own reward.

Although it had been a fairly successful year in the energy sector the position with regard to coal was still critical; coal was being replaced by substitute products to an increasing extent, a trend not lacking in structural implications. Adjustment, redevelopment and rationalization were, of course, essential but the tendency to restrict coal production was too pronounced. For this reason the High Authority's review of the coal situation is unduly biased; it would appear that the High Authority has accepted that the rules of competition can not be fully effective where coal is concerned.

The Agreement Protocol is only a first step. The resolve needed to take a political decision was obviously lacking. The Protocol outlines no working schedule. The speaker felt that the negative policy for energy, that involved little more than pit closures, should be discontinued. The Socialist Group called for a common trade policy and a common subsidy policy so that market requirements might be met by recourse, first, to internal production; the market was an open one and the industry should be streamlined to produce rather than closed down to cut costs. (The "negative" rationalization practised up to now had been suicidal.) The Community should decide which collieries are to be subsidized and every Member State should bear part of the cost. This is the only method that will prevent a shift in normal trade currents.

The steel market, too, needs a common trade policy, as the policy of large producer countries may upset the balance of the Common Market. The speaker dealt at length with the subject of the construction of dwellings for workers and with the Miner's Code which the Parliament adopted in 1957. He regarded the objections to the Code, namely the independence of the social partners and the unduly high cost level, as being no more than pretexts. Too much time had been wasted and while full credit must be given to Mr. Del Bo for his lofty sense of duty and political courage,

it had also to be admitted that the patience of the workers had been put to too severe a test.

Mr. Arendt concluded by emphasizing the care that was needed to ensure that the merger of the Executives and of the Communities in no way impaired the supranational character of the Treaty. All the provisions of the ECSC Treaty, with few exceptions, should be adopted, especially those relating to readaptation, publication of prices and prohibition of discrimination.

Speaking for the Liberal and Allied Group, Mr. Pleven examined in what ways the ECSC Treaty had become irrelevant and to what extent it still held good. The Liberal Group was in favour of retaining a certain measure of supranationality; the social aspects, that is the provisions for readaptation, redevelopment and financial assistance towards investment and research, were still relevant. On the other hand, the provisions relating to energy and to the rules of competition had become obsolete because the situation in these sectors had changed beyond recognition. The attitude of apprehension with which the Ruhr was once viewed had disappeared for coal had ceased to play a leading part in energy supplies; the Kennedy Round, furthermore, forced one to ask wherein lay the strength of the American economy. It drew its strength, the speaker specified, from an absence of political restrictions to prevent American industry from adjusting the magnitude of its business concerns to the size of the American home market. Other sources of strength were the single monetary system and the fact that technological training followed a similar pattern throughout the USA; at the social level a certain flexibility of employment was counterbalanced by high wages and the tough political line taken by the trade union organizations. If Europe wanted to ensure her independence, she too had to have business organizations on the same immense scale as those of the United States.

The speaker deplored the slow pace in modernizing the steel industry and asked the High Authority to examine whether the cost of money was not too high and whether the period over which loans had to be redeemed was not too short. The High Authority ought also to study the possibilities of creating a European institute of technology.

The speaker strongly criticized the Agreement Protocol. The Liberal Group did not share the optimism of the President of the High Authority. For two years the governments had stifled every initiative. The speaker therefore pressed for an early merger of the Executives, for a single Executive would have more chance of bringing the governments to reason. The Liberal Group also con-

sidered that the treaties must not be unified at the expense of the fundamental provisions in the existing Treaties.

After an intervention by Mr. Seifriz (Germany, Socialist), on a point of order, Mr. De Block (Belgium, Socialist) asked whether in comparison with the steel industry the High Authority was not treating coal as a Cinderella.

With regard to competition, Mr. Deringer (Germany, Christian Democrat) felt that it was pertinent to ask if it were advisable to allow Article 66 of the ECSC to stand. If so, the criteria operative in its application would have to be completely revised to enable European firms to adjust their size to the scale of the Common Market. The Executive should therefore be given some liberty of action - giving it right of control did not imply giving it any share in the decision-taking functions. Although it was perhaps premature to discuss a unification of the European Treaties, it was worth drawing attention to the heavy responsibilities borne by the Executives; it would thus be advisable to add a new article to the unified treaty which would enable the Council - on a motion of the single Executive and with the approval of the Parliament - to delegate certain tasks to special bodies.

Mr. Dichgans (Germany, Christian Democrat) expressed reservations in regard to the Miner's Code, which he found incompatible with the liberty of the social partners to conclude collective agreements; he felt the financial burden involved would be excessive - for the Federal Republic of Germany alone, it would amount to 1800 million DM which would have to be paid out of the State budget.

Mr. Sabatini (Italy, Christian Democrat) drew particular attention to the modernization of the iron and steel industry and the task of the High Authority in this field. He wanted greater prominence to be given to the part played by employers and trade unions, who should share the responsibility for the overall expansion of the economy.

After a short introduction by Mr. Vendroux (France, non-affiliated), Mr. Bousch (France), spokesman for the non-affiliated members, approved with some reserves the draft resolution. In his view, the German rationalization law was in conformity with the Treaty. The High Authority should be requested to investigate ways and means of providing more assistance to German mines. Psychological factors were of great importance in coalmining. Hence the strong pressure from French miners in regard to the European Miner's Code. The speaker noted how the High Authority had re-established its position and concluded by observing that its influence stemmed from the men at the helm rather than from the letter of the Treaty.

After a brief statement by Mr. Carcassonne (France, Socialist), Mr. Pêtre (Belgium, Christian Democrat) moved a number of amendments designed to promote a policy of anticipatory action in regard to industrial redevelopment. The speaker criticised certain governments for their indifference in regard to the Miner's Code, adding that he regarded the figures quoted by Mr. Dichgans as unconvincing. The speaker would continue to press for this Code for as long as the miner remained a vital factor in European industry.

"First the merger, then the energy policy", stated Mr. Burgbacher (Christian Democrat, Germany). He pointed to the need to extend the European network for electricity, gas and oil. This would have implications for coal - further proof of the importance of the merger. Every effort should be made to set up a central institute for technical research in the mining, gas, electricity and nuclear energy sectors. He hoped that the sales policy in respect of Dutch natural gas would not take as a pattern some of the principles which had always been strongly criticized in the coal sales policy. With regard to the Miner's Code, Mr. Burgbacher declared that the figures mentioned should be checked if their accuracy was doubted. This matter should be dealt with together with the question of subsidies. The speaker finally made some remarks on the preparations for the examination of the General Reports. Further comments on the subject were made by Mr. Kreyssig (Germany, Socialist), Mr. Poher (France, Christian Democrat) and Mr. Illerhaus (Germany, Christian Democrat).

In his reply Mr. Nederhorst, General Rapporteur, challenged the allegation that his report did not give a clear and positive opinion on the High Authority's policy and that it expressed a lack of confidence in the Executive. The Miner's Code, the speaker felt, was not inconsistent with the social partners' freedom to conclude agreements; the principal difficulty in the present state of affairs was the refusal to discuss the Code.

The general discussions wound up with statements by Mr. Del Bo, President of the High Authority, and Messrs. Finet, Hellwig and Linthorst Homan, members of the High Authority.

The protective measures in the steel sector had proved to be effective - perhaps for psychological reasons. The duration of these measures was also contingent upon a fair arrangement being concluded at the GATT negotiations, particularly since the situation on the world market was still basically the same. The United Kingdom had intended to discuss the recommendation concerning steel duties on the Council of Association, but the High Authority felt it was still too early to do so. However, the tariff quota would not operate in a manner prejudicial to

British exports. Attention was drawn to the fact that the High Authority did as much for coal as for the protection of steel.

World competition makes the steady expansion of Community industries imperative; this, however, did not mean that competition had to stop.

The Agreement Protocol regarding energy policy was not an unprofitable document: it indicated the stages according to which, when the three Communities were merged, certain objectives would have to be achieved. The High Authority was determined to submit measures to the governments that reflected a Community-minded attitude. The price of energy should be as low as possible, said Mr. Del Bo, and an attempt should be made to reconcile the principle of free competition with the protection of the coal-mining Community. The Executive's programme would be submitted to the Parliament in the autumn.

After a detailed discussion in which a large number of members took part, two resolutions were adopted.

The Nederhorst resolution, with numerous amendments by the Christian Democrat Group, called upon the High Authority to submit to the Parliament a study on the merger of the Executives and the unification of the Treaties, and pressed for the bases of a common energy market to be established to replace the national measures by Community aid and subsidies to be granted under conditions that would be the same for all participating States.

The High Authority's measures regarding stricter price discipline on the steel market should be supplemented by action at the national levels; the general objectives for Community industries should be kept in line with actual developments. Priority should be given to organizing technical research. Moreover, the Parliament advocated co-ordinated action by the High Authority and the EEC Commission with regard to the Associated African States and Madagascar, especially as concerns technical assistance and financing research in the mining industry.

The resolution emphasizes the need to continue modernizing and rationalizing production, asks for more information concerning the High Authority's policy on agreements and concentrations and raises the question of the Parliament's right to accord hearings to enterprises and organizations.

With regard to trade policy, the Parliament pledged its support for a non-protectionist trade policy as practised by the EEC. Attention was again drawn to the urgency of an effective Community energy policy, the first contribution to which was the Agreement Protocol.

The Parliament considered that a decisive improvement in competitive conditions on the coal market would only be possible if joint action to implement the ECSC Treaty provisions were taken at an early date. The social aspects of the energy policy, too, should be studied by a special conference. After advocating action in regard to transport (price publication and tariff approximation) the resolution dealt with social policy, within the framework of which professional organizations ought to get the same recognition on the European level as they enjoyed at present at the national level; the Parliament recommended that the High Authority should draw up estimates of manpower trends in the coal and iron-ore mines and carry out - in liaison with the EEC Commission - a thorough investigation into problems connected with the integration of foreign workers.

The Parliament asked to be informed about the material situation of workers who had received readaptation aid, and it expressed the hope that a certain harmonization would be aimed at in granting readaptation and resettlement assistance. It requested the High Authority to propose without delay concrete Community measures for the resettlement and re-training of elderly and handicapped workers, and urged it to do all in its power to ensure that the actual income of workers in Community industries did not fall short of the increase in the cost of living. The resolution regretted that no agreement had been possible concerning the European Miner's Code; however, it recognized that the future of the miners actually depended upon the place coal would take in Community energy production. The High Authority's housing policy was of great economic and social importance and should be pursued at the same pace as or even faster than hitherto.

The Parliament again pledged its support for broader terms of reference to the Permanent Organ for safety in coal mines. The recurrence of serious mining disasters showed the need for a stricter application of safety regulations and for governments to exercise a more stringent control to ensure that they were being adhered to.

In addition to providing information on health protection, the High Authority was called upon to issue instructions and recommendations; it was moreover requested to draw up a report, in close co-operation with the EEC Commission and along the same lines, on social development in the Community.

Finally, the Parliament endorsed the Executive's policy as evidenced by the Twelfth General Report.

In a second resolution, submitted by Mr. Poher and Mr. Pleven, the Parliament approved the continuation of the High Authority's policy. This approval, a new departure, came in response to the positive change of emphasis in the High Authority's policy under the guidance of its President, Mr. Del Bo, to whom, in anticipation of the Executives being merged, the European Parliament pledged its support.

Budgetary and administrative questions of the ECSC

On 16 June, Mr. Kreyssig (Germany) submitted a report on behalf of the Budget and Administration Committee (1) on certain budgetary and administrative questions arising from an examination of the Annexes to the 12th General Report on the Activities of the ECSC and on its preliminary budget estimates for the financial year 1964/65.

With reference to the administrative expenditure of the High Authority during the financial year 1962/63, Mr. Kreyssig notes that there has been a substantial increase over the previous year. He also points out that the two volumes of the report of the ECSC's auditor made available to date contained "far fewer criticisms" than in previous years. The Committee's report deals only with certain criticisms once again brought up by the auditor without however being convinced of the validity of all his comments. It proposes that the accounts for 1962/63 should be adopted as submitted by the High Authority.

As regards the preliminary estimates for 1964/65, it is pointed out that these have taken the Committee's suggestions into account and allowed for:

- the continued pursuit of the social and technical research policies;
- the approximation of allocations to reserves for readaptation and technical research;
- the reduction of provisions for administrative expenses (including the unallocated balance).

(1) Doc. 48, 1964-65

The 0.20 per cent levy was also to be maintained.

In the coming year - concludes the Rapporteur - the single Executive might perhaps take over in full the budgetary and financial powers of the High Authority. The High Authority had shown that substantial tasks and funds could, with full authority, be "transferred to a European Executive". It had soon realized that such a high degree of financial independence had to be subject to democratic control. It had striven constantly to improve its financial management and would leave the single Executive not a negative legacy but its profits and the fruits of its wide experience.

Mr. De Block (Belgian Socialist), as the only speaker, commented on the report. He congratulated the High Authority on its "sound financial policy", adding that the choice now lay between maintenance of the existing policy and a progressive one geared to the future. The Socialist Group had made its choice. It wanted rapid progress and would like to see the High Authority showing a bolder attitude especially towards investment, which was essential for progress.

The Parliament then passed a resolution in which it noted with satisfaction that, according to the auditor's report, the financial management of the High Authority was a sound one. At the same time it regretted that it had so far not been consulted on that part of the auditor's report that dealt with the common institutions or on the report by the Control Committee on the financial year 1962. The Parliament wanted to see the High Authority widening the scope of its activities in the field of adjustment and research. Furthermore, the special reserve set aside for the High Authority's financial aid towards workers' dwellings should, in accordance with a proposal by the Parliament's Budgeting and Administration Committee, be linked to a system of self-financing which would ensure not only the maintenance but also an extension of the High Authority's housing programme.

The budget for 1964/65 and the 0.20 per cent levy were duly approved.

Submission of the 7th General Report on the activities of the EAEC

On 17 June Mr. Chatenet, President of the Euratom Commission, submitted to the Parliament the 7th General Report on the activities of the EAEC.

Mr. Chatenet stated in particular: "We endeavoured first to show the nuclear reality and its potentialities in its appropriate context and then to define a working policy for our Community. While we cannot speak of sufficient experience to set our judgement in perspective, we do however now possess an appreciable amount of widely accepted data on which to base surer forecasts and sounder judgements. Nuclear energy is moving from the laboratory stage to industry. The result is that there has been a proportionate increase in the significance of the economic factors as compared with the purely technical factors, both at the design stage and in the final choice made. The time has now come when in the nuclear sphere such considerations as production cost, profitability and economic planning have become as paramount as elsewhere. There has also been an appreciable increase in the number of branches of industry involved. Nuclear energy is no longer the preserve of a few specialists but has become, among many others of course, a factor of increasing significance in some of the key sectors of the industrial economy.

The balance sheet of Europe's energy resources is far from encouraging; their incidence is low and in relation to its share in world consumption its reserves would appear to be disproportionately inadequate, in other words energy in Europe is expensive and hard to find. This also means that while the six countries of the Community imported approximately 8 per cent of their energy before the Second World War, they now import 30 per cent and the 50 per cent mark will not only be reached but exceeded by 1970.

There is another reason why Europe must devote a great deal of its financial resources, its efforts and its men to nuclear work. This lies in its need to keep pace industrially so that Europe's place in the world's economy will be in keeping not only with its past but also with its future potential. For the world of the atom is a spearhead sector that can play a decisive part, not only as an industry in itself but also by the results it exacts from every branch of the economy, in enabling our industries to keep pace in terms of technical and scientific progress with the world leaders in this sphere.

What therefore should be the bias of a Community policy here: it involves and will involve in the normal course of events working out the part that nuclear energy should play in comparison with other energy sources in total energy coverage. The responsible authorities, whether national or community, will, in the years ahead, be obliged to work out the most suitable and profitable division of work between the different types of energy. Another major alternative that will face the authorities in the years ahead will be the division of work between state-owned and private industry. This is of course a delicate issue for it is bound up with the political or economic policies of the various Community countries. Another important choice to be made is that concerning the division of work between the national and strictly Community authorities. The Commission has in recent years devoted a great deal of its attention to this matter.

The Commission has concentrated its efforts in those fields where it has been in the interest of Member States to marshal available resources and co-ordinate their use and in ensuring suitable co-ordination, sharing the risks inevitably involved in perfecting such new techniques.

It is in this spirit that the Commission has broached other problems of general application in the public interest, such as the treatment and stockpiling of radioactive waste, the re-processing of irradiated fuels, health protection and the biological research this involves and the use of radio isotopes.

The establishment of common policies for procuring supplies, training specialists, health protection, disseminating information, insurance, ought not only to encourage business initiative but also ensure that such initiative is co-ordinated within a common framework so that our economy as a whole can assume its rightful place in developments in the nuclear world.

Procuring Community supplies of natural uranium is a special example of where the Commission has suggested to the Council that a common policy be worked out; it has submitted a memorandum to open the discussions on this problem. A common policy covering fissile material supplies is essential if there is to be a fair apportionment of the cost burden of grants and state financial help to tide them over the present period of regression in the uranium market. This fair apportionment is one of the direct implications of the Treaty principle of equal access to the various uranium resources; thus through the range of its research and in certain cases through direct financial help, the Commission intends to play a growing part in furthering the aims of the nuclear industry."

Common transport policy

Following Mr. Rademacher's report on the harmonization of terms of competition in the transport sector, discussed at the plenary session in May (1), the Transport Committee has laid before Parliament two further reports dealing respectively with the introduction of a tariff bracket (2) and with the introduction of a Community quota and the procedure for issuing road-transport licences (3).

In his report on tariff brackets, Mr. Posthumus, Rapporteur, (Netherlands, Socialist) stated that the introduction of such a tariff was only one stage towards the introduction of a complete transport rate-fixing system that would be as consistent with Treaty objectives as possible. The first part of the report summarized the different viewpoints expressed by the Parliamentary Committee on tariff measures; the second part dealt with the way in which the EEC Commission should approach rate-fixing, while the third part criticized the Executive's proposals and listed a number of amendments the Parliamentary Committee would like to make to the proposals. The Transport Committee would be opposed to any tariff bracket regulation until it was certain which system would finally be adopted for a common transport policy. It requested a definite opinion on this point from the EEC Commission.

The rates for the various transport services should, according to the report, be so calculated that the individual carriers using the different forms of transport were able fully to exploit the natural advantages on the market to which their cost structure entitled them. The system advocated by the EEC Commission might be regarded as a necessary step towards the introduction of a rate-fixing system that was really consonant with the spirit of the EEC Treaty. However, said the Rapporteur, it would only be a stage, because the criterion proposed in calculating tariff brackets - i.e. the cost to soundly managed undertakings of providing transport services - "lacks precision and the method of calculation - as proposed by the trade unions - is too arbitrary and liable to result merely in average tariff brackets that removed economic differences and, consequently, distorted competition". With reference to European transport, the Transport Committee felt that the responsibility for giving effect to these criteria should not lie with the national authori-

(1) Doc. 23, 1964-65, see Monthly Bulletin, No. 6, 1964

(2) Doc. 36, 1964-65

(3) Doc. 43, 1964-65

ties but with a European body. The EEC Commission ought to be more concerned with practical capacity regulations than with rate-fixing. The report further stressed the importance of price publication, harmonizing national regulations governing forms of transport, capacity policy and organizing the transport sector.

It was inconceivable, the Parliamentary Committee considered, for the common transport policy not to embrace Rhine shipping-trade. However, the Community would have to take political steps in order to solve the problems connected with the Mannheim Act.

In the third part of the report, the Transport Committee pointed out that here an "outline" law was proposed which would be followed by decisions for its application. However, it deemed that this regulation could only be accepted if, in view of the fundamental importance of the provisions for its enforcement, some guarantee were given that the European Parliament would be consulted.

Finally, the Transport Committee strongly advocated a number of amendments in the draft regulation and requested the Executive to alter its wording accordingly prior to laying it before the Council.

The report on the introduction of Community quotas and the standardization of the procedure for issuing road transport licences (Rapporteur: Mr. Bech, Luxembourg, Christian Democrat) stated first that a Community quota scale on a nationality basis and consequently of a discriminating nature, was unacceptable. The introduction of a Community quota could not be regarded as a final solution for effective capacity control on the European transport market. In the Transport Committee's view, it was essential that the Community quota be regarded, for the time being, as an experiment; in a second stage, the experience gained should enable the EEC Commission to establish a final regulation. Unlike the EEC Commission, the Parliamentary Committee was of the opinion that the issuing of Community licences should be entrusted to the Executive and not to the national authorities, which should co-operate with the EEC Commission.

The Parliamentary Committee was not unanimously in favour of abolishing bilateral quotas as this could have serious consequences for certain regional economies.

The Transport Committee regretted that the EEC Commission had disregarded the Parliament's proposal to liberalize transit traffic between a Member country and a third country, through

one or more Member States, according to rules which would have to be agreed jointly. The proposed liberalization should be carried into effect as soon as possible since it would be pointless to liberalize intra-Community transit traffic without simultaneously liberalizing transport between Member countries and third countries.

Apart from the Rapporteurs, Messrs. Posthumus and Bech, the following took part in the debate: Messrs. Lardinois (Netherlands) and Poher (France), for the Christian Democratic Group, Angelini (Italy, Christian Democrat), Seifriz and Faller (Germany), for the Socialist Group, De Block (Belgium, Socialist), Kapteyn (Netherlands, Socialist), Brunhes (France), for the Liberal Group, Rademacher (Germany, Liberal) and Drouot-l'Hermine (France, non-affiliated). Mr. Schaus was spokesman for the EEC Commission.

In addressing the Assembly Mr. Posthumus reviewed the basic standpoints of the Transport Committee:

- a) The execution of the common transport policy should be coupled with a policy for harmonizing transport conditions.
- b) The systems governing capacity and transport rates are very closely related.
- c) The European transport system should embrace the whole Community and all forms of transport.
- d) Transport rates should be based solely on costs.
- e) A transitional period for the introduction of the common transport policy was essential.
- f) Fierce competition as well as absolute laissez-faire were disapproved of.
- g) The necessity for a common transport policy will be increasingly felt as the Common Market develops.
- h) Exclusion of Rhine shipping-trade from the transport policy would lead to unfair competition and disrupt the European market.

Mr. Bech pointed out that the policy regarding transport capacity was a prerequisite for an efficient price policy.

The Socialist Group was prepared to endorse the EEC Commission's proposals. Its spokesman emphasized, however, that the effectiveness of the regulations depended upon the way in which

they were implemented and he recommended the setting up of a panel of experts to supervise their implementation. He was in favour of applying the transport policy to the Rhine shipping-trade.

With regard to the introduction of a Community quota system, the Group objected to a scale based on nationality.

It is of the opinion that the jurisdiction of the control committee to be set up should include the issuing of licences.

The Liberal Group agreed to the proposals, but requested a more flexible arrangement for the tariff bracket system. It was in favour of extending the European transport rules to the Rhine shipping-trade.

The Liberal Group then recommended the delegation of Community powers to a new institution that would be able to take decisions in the general interest.

Mr. Drouot-l'Hermine (unaffiliated) emphasized that the proposals regarding transport were a compromise which presupposes concessions on the part of all concerned in the interest of the Community. This compromise had at least the advantage that it was the beginning of an organized market.

The Christian Democrat Group considered that the scale based on nationality, as proposed for the Community quota, was at variance with the Treaty. Its spokesman warned against the danger of protectionist tendencies that might be induced by the tariff bracket system. With this reservation, it approved the Executive's proposal.

At the close of the debate, Mr. Schaus declared that the tariff bracket system allowed sufficient scope for free competition. The EEC Commission could not as yet decide upon a final system, since more experience has to be gained from the provisional system now being introduced. Mr. Schaus agreed to the Parliamentary Committee's proposal to apply this system till the end of the transitional period.

The EEC Commission also agreed to the setting up of an independent institution to control the effective operation of the tariff bracket system. The Commission did not share the view

that the Community quota would be inconsistent with the Tréaty. It was fully prepared to accept responsibility for allocating and fixing the volume of quotas with the assistance of a committee of independent experts.

In the resolution on a draft regulation for the introduction of a tariff bracket system for goods transport by road, rail and navigable waterways, the Parliament called upon the EEC Commission to embody the proposed amendments in new proposals to the Council; unless they were, it felt, the draft regulation would be impracticable.

The Parliament insisted on being consulted in connexion with the provisions for enforcing the regulation.

The Parliament adopted unanimously the amended draft resolution concerning: regulations for establishing and operating a Community quota system; directive for standardizing the procedure for issuing road transport licences and a proposal that a number of amendments be made to the proposals of the EEC Commission.

The EEC Commission submits its 7th General Report

On 18 June, President Hallstein introduced the 7th General Report of the EEC Commission, covering the activities of the Community from 1 April 1963 to 31 March 1964, with a general review of the present situation.

President Hallstein spoke of the "overwhelming success" of the European Economic Community which he illustrated with the aid of a few figures. Between 1958 and 1963 the real gross social product of the Community had increased by 30 per cent (compared with 23 per cent in the United States and 16 per cent in the United Kingdom); industrial production had risen by about 40 per cent (33 per cent in the United States, 23 per cent in the United Kingdom), and internal trade had shown an increase of 131 per cent since 1958, the growth rate last year alone being 17 per cent. Imports from third countries since 1958 had risen by 53 per cent and exports by 36 per cent. Community consumers had also profited by this economic development, Mr. Hallstein continued, in that the per capita salaries and wages of employed persons (black-coated and manual workers) in the Community had increased by 56 per cent between 1958 and 1963, while consumer prices had risen by only 16 per cent.

Despite this success, President Hallstein warned that it was advisable to be cautious. He listed several possible dangers facing the further development of the Community, such as the fact that the Treaty had not laid down the exact timing in every instance, as for example in regard to cereal prices or the common trade policy; there were also extreme economic developments in a few Member States and, finally, the repercussions on the Community of 'perturbations' stemming from extraneous sources.

As evidence of the progress achieved over the past year, Mr. Hallstein referred to the "medium-term forecast" made by the Commission in connexion with its Action Programme for the development of the Community. The programme had been duly carried out in regard to customs union, common agricultural policy and the financing thereof, turnover tax approximation, as well as the basis of a common economic and monetary policy and external relations. Progress had been slower in regard to measures connected with customs union, company law approximation, professional law standardization, regional policy, the freedom of establishment and the right to supply services. The rate of progress aimed at in regard to the energy, transport, social, competition and common trade policies could not be achieved. The reasons for the delay were, according to Mr. Hallstein, chiefly due to the somewhat vague principles of the Treaty, especially as regards energy policy; then there were the often divergent interests of the individual Member States, and, finally, there was the staff shortage at the Commission which called for an improvement in the budgetary procedure and a revision of the staff service regulations.

President Hallstein went deeply into details in discussing particular cases now being dealt with by the Commission, such as whether the remaining internal customs duties should not be abolished within the next eighteen months; this meant that the common external tariff would have to come into effect by the same date, thus rounding off the customs union in anticipation of the third stage of the transitional period. This would be a "not insignificant success" in terms of the Kennedy Round and would give a "decisive impetus" to the economic union. Recent months had forcibly demonstrated the dangers of an overdue economic union. The tensions resulting from pronounced inflationary trends in certain Member States in contrast with relatively stable prices in others had led to difficulties that could be solved "only through a thrust forward, that is, through a common Community policy".

Referring to agriculture, President Hallstein laid special emphasis on the Commission proposal for a common price for cereals,

because, as he put it "it is the closest possible approximation to a fair compromise between the interests of all concerned". If a common cereal price were not arrived at soon, it could be expected that the agricultural policy and the Kennedy Round would come to a standstill.

Hr. Hallstein also voiced his concern in regard to the common policy for trade that had still to materialize. This omission - traceable to hesitation on the part of Member States that were reluctant to accepting the imperatives of integration on their national realms - was an anachronism and would continue to pose serious problems for the Member States that had particularly strong trade policy interests until it was rectified.

In connexion with the question of "Political Union", President Hallstein again advocated extending the partial union that had already materialized to the fields of defence, foreign and cultural policies. Nothing, he felt, could better improve the prospects of a "revival" than the success of the existing Communities. With regard to the proposed merger of the Executives, he again recommended the figure of nine members, as he had done on previous occasions, since, in the Commission's view, a body of fourteen members would be unwieldy and be more like a senate than an executive. Referring to the Parliament's rôle, he emphasized that it was the Commission's aim to convince the Council of the appositeness of the Parliament's request for broader budgetary powers.

To sum up, explained President Hallstein, there was no road to political union that could by-pass the economic communities: "Every road passes through them. If the economic Community were to founder then the political Community would become a lost cause for our generation. As long as the European Community continues to fulfil its task there will be a real chance of achieving European Federation".

In the part of his speech devoted to legal matters, President Hallstein went into the legal function of the Community, which he described as a "new order" that was "neither an appendage to national legal systems nor a mere bundle of agreements between states". In this connexion, he affirmed that Community law must take precedence over national law and he added: "Only such precedence will make it possible to find suitable solutions for the whole Community.

Every attempt to deal with the precedence issue in terms of the special characteristics of the individual Member States and according to their constitutional laws and national systems,

European Parliament

will come up against the unifying character of the European alliance and thus against its very foundations."

Talks between the EEC Commission and the Spanish Government

On 18 June Mr. Dehousse (Belgium), on behalf of the Socialist Group, put an oral question to the EEC Commission asking for information on progress made in regard to the mandate it had received from the Council at the beginning of June to initiate negotiations with the Spanish Government and on the direction it intended to give to these talks.

Mr. Dehousse pointed out that the Socialist Group was convinced that the Spanish Government was basically anti-democratic and, for as long as this régime continued, the Group would be opposed to any rapprochement between Spain and the EEC.

Mr. Rey, a member of the EEC Commission, referred to the Council note of 2 June in reply to the Spanish Government. This was the result of a compromise, that is a choice between two divergent trends. A compromise solution allowed for no further comment.

As to the talks themselves, Mr. Rey continued, these had not yet begun. The Commission had been in touch with the Spanish Government and was at present endeavouring to agree a date for the opening of the talks. Nothing was yet known about the specific wishes of the Spanish Government. The Commission's view was that a realistic appraisal was necessary and it had always endeavoured to be realistic. It was fully aware of the present differences of opinion and would take care in its proposals and in the positions it adopted to make these acceptable to the Council as a whole.

Mr. Dehousse was not satisfied with the reply of the Commission member. The mandate, he explained, was a fact: the Commission had accepted it and must know what it had accepted. At all events, it did not appear to be in a hurry and Mr. Dehousse concluded with the wish that the Commission would take care to ensure that the prestige of the Community would in no way be impaired.

Approximation of legislative provisions concerning cocoa and chocolate

On 18 June, at the request of the Council, the Parliament defined its attitude to a draft EEC Commission directive designed to approximate the legislative provisions concerning cocoa and chocolate; this was in the nature of a test for the approximation of legislative provisions covering the whole food sector. The main purpose of the directive is to protect the consumer against adulterations that may endanger his health, and also to promote trade in these products within the Community; to this end it establishes common regulations covering the composition, brands, packing and description of cocoa and chocolate products.

The position adopted by the Parliament was based on a report (1) submitted by Mr. Hahn (Germany), Rapporteur, on behalf of the Internal Market Committee and embodying the opinions of the Health Protection and Agricultural Committees. In this report the Committee examined the various articles of the directive and proposed certain amendments. It attached special importance to the protection of public health which it would like to ensure by particularly strict regulations. With regard to the precautionary measures already planned by the Commission it considered, in connexion with cocoa butter manufacturing processes, for instance, that further safeguard clauses and appropriate control measures ought to be introduced and that the actual application of the directive should on the whole be subjected to the most thorough control procedure. The Committee therefore called upon the Council to provide the Commission with the necessary means for this purpose.

The question then arose in the debate as to whether the Parliament was after all competent to comment on a proposal of such a predominantly technical nature. The Rapporteur, as well as Mr. Deringer (German, Christian Democrat), were of the opinion that the Parliament could not ignore questions such as health protection and control in view of their fundamental political significance. Mr. Berkhouwer (Dutch, Liberal), while expressing his Group's agreement with the directive as such, was not in favour of going too deeply into technical details that ought to be settled by the Commission and its experts. This was also the view of Mr. Pöher (French, Christian Democrat). Nevertheless, fourteen other amendment proposals were put forward, of which only two were adopted. The speakers on this subject were

(1) Doc. 21, 1964-65

Mr. Armengaud (French, Liberal), Mr. Boscary-Monsservin (French, Liberal), Mr. Charpentier (French, Christian Democrat), Mr. Kapteyn (Dutch, Socialist), Mr. Schuijt (Dutch, Christian Democrat), Mr. Vredeling (Dutch, Socialist), Mr. Blaisse (Dutch, Christian Democrat), Mr. Storch (German, Christian Democrat), Mr. Bergmann (German, Socialist) and Mr. Kriedemann (German, Socialist).

Speaking for the Commission, Mr. Mansholt, Vice-President, examined the questions and objections raised by the various speakers. He promised that the Commission would call in experts to subject the proposals to further examination.

In the resolution passed by the Parliament the initiative of the EEC Commission was welcomed as a further step towards the approximation of the European food regulations; the early approximation of all food regulations of the Member States was also held to be indispensable. In regard to cocoa butter manufacturing processes, the Council ought within 4 years to introduce a further regulation while the Commission ought, within this period, to establish cleanness criteria and analytical control methods. The Council was also called upon to accord the Commission the necessary means to enable it to meet its control commitments. The directive was passed, due regard having been given to the modifications proposed.

Parliamentary co-operation with the Associated African States and Madagascar

Article 50 of the Association Convention signed in Yaoundé on 20 July 1963 between the EEC and the Associated African States and Madagascar refers to parliamentary co-operation and provides for "a Parliamentary Conference of the Association", that is to meet once a year and that is prepared by a "Joint Committee". A preparatory meeting of this type took place for the first time in Messina on 21 and 22 February 1964; various decisions were taken on the composition of the Parliamentary Conference of the Association and its bureau, the composition of the Parity Committee and its bureau, the time and place of the first meeting of the Conference of the Association and the relevant financial arrangements (1)

These decisions are the subject of a report (2) prepared by Mr. Margulies (Germany), as Chairman of the Committee for

(1) See Monthly Bulletin No. 3, March 1964, p. 37

(2) Doc. 42, 1964-65

Co-operation with Developing Countries, and submitted to the Parliament on 18 June. Mr. Margulies noted in his report that the composition of the "Parliamentary Conference" and the "Joint Committee" were in accordance with the Committee's proposals but that the Conference would have to decide, with regard to the financial arrangements, whether it should establish a special budget for its receipts and expenditure. The Conference of the Association would also have to draw up an agenda.

Adding that the Convention had in the meanwhile come into force on 1 June 1964, Mr. Margulies moved that the decisions be approved.

The Parliament passed a resolution in which it endorsed the decisions in question and proposed that the Conference of the Association should ask its Joint Committee to draw up the Agenda.

The Parliament also agreed provisions for the appointment of its representatives to the Conference of the Association. These appointments should be made at the beginning of its next session.

The economic situation in the Community

On 18 June, Mrs. Elsnor (Germany), Chairman of the Economic and Financial Committee, reviewed the economic situation in the Community. This review was in accordance with a mandate that the Economic and Financial Committee received from the Parliament in March on the advice given in a report (1) by Mr. Berthoin (France) in connexion with the EEC Commission survey of the economic situation in 1963 and the outlook for 1964 (2). The mandate in question empowered the Economic and Financial Committee to study the activities of the Commission and the Council in the field of economic and financial policy. A report on these observations will be submitted by the Committee to the Parliament in the autumn of this year.

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- (1) See Monthly Bulletin No. 4, April 1964, p. 27. (The name of the Rapporteur was inadvertently omitted.)
- (2) Statement by Vice-President Marjolin on 21 January 1964, see Monthly Bulletin, No. 2, February 1964, p. 33

Mr. Elsner thanked the EEC Commission for pointing with such insistence, at the beginning of the year, to the dangers of inflation and for drawing up a stabilization programme that was adopted in April by the Council.

In the interim, Mrs. Elsner continued, developments in the situation had confirmed on the whole the EEC Commission forecasts of January and March. Balance-of-payment developments still gave rise to concern. Italy had not yet succeeded in bringing inflation under control. In its appreciation of the situation the Commission had - in the Committee's view - expressed caution in saying that the recommendations for overcoming an inflationary upsurge in prices were working out "in the right direction". It had moreover announced that further proposals for overcoming inflation would probably be submitted in the autumn.

Mrs. Elsner stated that there were two further observations worth making at this juncture, namely that the machinery available for overcoming inflation came into conflict with many national and other interests, which tended to raise appreciable difficulties in putting the machinery into operation. A sober economic analysis could only lead to positive results if the necessary political inference is drawn from it at the national level. Much depended, furthermore, on the judgement and collaboration of the social partners. The unions and the employers' federations had already declared their readiness to provide such support and it was now the duty of the Commission to establish closer relations with these organizations in order to secure their further co-operation and agreement on the stabilization programme.

Mrs. Elsner concluded by calling on the governments to work out as soon as possible a draft common economic and financial policy so as to achieve a better balance of economic growth and avoid a recurrence of similar difficulties.

Hygiene in the meat market

On 18 June, Mr. Storch (Germany) submitted to the Parliament, on behalf of the Health Protection Committee, two reports on a directive concerning hygiene in trade in meat based products (1) and a directive concerning hygiene in regard to trade in fresh poultry meat (2). These directives were to ensure normal

(1) Doc. 40, 1964-65

(2) Doc. 41, 1964-65

trade in these products between the Member States and to ensure that no deterioration in the products resulted from the health controls at the frontiers. The EEC Commission therefore felt it essential to standardize the health regulations and hygienic requirements to which producers of meat based products and the slaughter of poultry in the Community are subject.

After a short statement by Mr. Mansholt, the EEC Commission member responsible for agriculture, the Parliament adopted two resolutions concerning respectively meat based products and fresh poultry meat.

In the first resolution the Parliament approved in principle the fact that the EEC Commission had taken the initiative, by settling certain health problems in the trade in meat based products, to increase the effectiveness of Council Regulation No. 20 regarding the gradual establishment of a common market organization for pig-meat and the draft regulation relating to the gradual establishment of a common market organization for bovine meat.

In the second resolution, the Parliament approved in principle the fact that the EEC Commission had taken the initiative, by settling certain health problems in the trade in fresh poultry meat, to increase the effectiveness of Council Regulation No. 22 covering the gradual establishing of a common market organization for poultry meat.

In both resolutions, the Parliament calls upon the EEC Commission to establish these regulations in such a way that legislation in those countries where health control provisions are the most stringent should not be rendered less effective at the expense of public health, as a result of a decision of the majority of the Council of the European Economic Community.

The Parliament hoped that problems connected with meat products that had not yet been resolved would be solved at the Community level as soon as possible.

The Parliament stressed that protecting the health of the Community population should always take precedence over considerations of economic interest.

Common organization of the sugar market

The European Parliament was consulted by the Council of Ministers on a draft regulation covering the organization of markets in the sugar sector.

To a large extent this regulation follows the pattern of that covering the organization of the cereals market; it provides for a price system whereby price levels are guaranteed under special trading arrangements; these are based on levies charged on imports or exports and on the payment of drawbacks on exports and subsidies on imports.

The Agricultural Committee, in an interim report (1) drafted by Mr. Klinker (Germany), accepted, in their broad outlines, the underlying principles of this regulation. In a draft resolution, however, it stressed the various reasons why it would have been desirable to lay down a target price for sugar beet rather than for sugar, as is anticipated in the regulation. It therefore made its approval of the proposed price setting subject to an assurance being given that, at the request of the sugar beet farmers or of their associations, the sugar producers would be obliged to draw up contracts with them; it therefore called upon the EEC Commission to draw up a pro forma contract in which the right of the sugar beet farmer to a fair share in the profits from sugar products would, where these exceeded the intervention price, be guaranteed.

As regards the level of prices, the Agricultural Committee stressed the need, before expressing any final opinion about this regulation, for particulars of the EEC price policy for the sugar sector; within the framework of the agricultural policy this should ensure an adequate income for sugar beet producers. It urged that a draft implementing regulation concerning the establishment of upper and lower price limits be submitted as soon as possible. The Committee further observed that an import price should be set at a level that would ensure that in no region of the Community was the price of sugar imported from third countries lower than sugar produced in the Community, especially since the draft regulation removed all quantitative restrictions existing so far in the Member States.

(1) Doc. 49, 1964-65

As regards the situation on the sugar market, the Agricultural Committee approved the proposal providing for either levies on imports and drawbacks on exports or levies on exports and subsidies on imports, according to the state of the sugar market.

It proposed that, in the final stage of the Common Market, Community reserves be established and finally called upon the EEC Commission to complete the market system for sugar by working out production objectives.

In regard to fiscal legislation, the Agricultural Committee asked that proposals should be presented on the basis of Treaty Articles 99 and 100 for harmonizing the consumer taxes at the end-product stage.

The debate in Parliament was opened by Mr. Klinker, the Rapporteur, who laid particular stress on the political aspects of a common sugar market organization. He also pointed out that it was in the interests of producers as well as consumers to ensure the continuity of sugar supplies at Community level; he observed, however, that it was not enough to make prices the sole basis for ensuring these supplies; he felt that production costs should also be taken into account. The Rapporteur concluded by stressing the importance, in guaranteeing the farmers an adequate income, of agreements between sugar beet farmers and sugar refiners.

Mr. Loustau (France), on behalf of the Socialist Group, approved the draft regulation; he laid particular emphasis on sugar beet farmers being given guarantees through the medium of collective agreements. After calling upon the EEC Commission as soon as possible to work out proposals on Community sugar prices, the speaker stated that while his Group supported the Agricultural Committee's proposal, to the effect that production aims should form part of the sugar market organization, it was nonetheless opposed to introducing quotas; these could only be accepted in exceptional cases and in the event of a threat of overproduction.

Mr. Blondelle (France, Liberal), referring to the problem of farm incomes, pointed out that the draft resolution gave no clear indication as to what means ought to be adopted to ensure these incomes. This problem was connected with that of prices at production and their approximation in successive phases. For this reason he had submitted an amendment to the draft resolution, calling upon the EEC Commission to submit, as soon as possible, a proposal on the Community price for sugar at a level

that would, within the framework of the common agricultural policy, provide a guarantee for sugar beet farming incomes.

Other speakers in the debate were Mr. Marengi and Mr. Carboni (Italy, Christian Democrat), who supported the regulation and who directed the EEC Commission's attention respectively to the guarantees to be given to sugar beet farmers and to the possibility of providing direct Community aid for them, should this prove necessary, and to the system to apply for sugar and processed products coming from associated countries and territories.

Mr. Kriedemann (Germany, Socialist), on the other hand, stated that he was unable to support the resolution principally because of its inconsistencies in regard to the problem of sugar beet prices. He further stressed the need to preserve the existing balance between production and demand in order to preserve the established flow of trade and to help stabilize the world sugar market.

Mr. Boscary-Monsservin, Chairman of the Agricultural Committee, Mr. Vredeling, Mr. Richarts, Mr. Poher, Mr. Charpentier, Mr. Mauk, Mr. Lucken, Mr. Klinker, Rapporteur, and Mr. Mansholt, Vice-President of the EEC Commission, all took the floor on procedural matters; their main concern was to clarify the sense of the opinion that the European Parliament was about to express. The Assembly then adopted the resolution submitted by the Agricultural Committee expressing a favourable opinion in regard to the regulation.

Mr. Vredeling voted in support and Mr. Dupont abstained.

Mr. Blondelle withdrew his amendment after hearing from the Rapporteur that the resolution contained the essence of his opinion albeit in a less detailed form.

A second amendment was submitted by Mr. Blondelle and Mr. Charpentier with a view to ensuring that when, as the Agricultural Committee suggested, the production aims were worked out they should serve solely as a guide to ensure that they did not apply the brake to production. This amendment was, however, rejected by the Parliament.

Common agricultural policy

On 18 June, at the request of the Council, the Parliament examined the proposal for a regulation changing to 1 July 1964 the date upon which certain regulations relating to the common agricultural policy would become applicable.

Under the terms of the proposal, the regulations concerning a common market organization for certain agricultural products would come into force as follows: on 1 September for rice; on 1 October 1964 for bovine meat and for drawbacks on exports to Member States of pigmeat, eggs and farmyard poultry, and on 1 November 1964 for dairy produce.

In a report (1) submitted by Mr. Charpentier (France), the Agriculture Committee approved the EEC Commission's proposal, although it regretted the above-mentioned postponements. It hoped, however, that the delay in the coming into force of the regulation on dairy produce would not mean a delay in the approval of the regulation on vegetable fats.

In a resolution adopted after a short debate, during which Mr. Charpentier, the Rapporteur, Mr. Dupont (Belgium, Christian Democrat), Mr. Richarts (Germany, Christian Democrat) and Mr. Mansholt, Vice-President of the EEC Commission, took the floor, the Parliament approved the proposed postponements, but deplored the fact that a decision taken at an earlier date had to be revised in regard to the date upon which it was to take effect; it was noted that this postponement was due solely to reasons of a technical nature.

Freedom the supply services in agriculture and horticulture

On 19 June, the European Parliament heard a report by Mr. Breyne (Belgium), submitted on behalf of the Internal Market Committee, giving an opinion on a directive relating to the freedom to supply services in agriculture and horticulture (2).

(1) Doc. 47, 1964-65

(2) Doc. 50, 1964-65

The Rapporteur described this draft directive as part of the general programme for removing restrictions on the freedom to supply services that was passed by the Council on 18 December 1961.

The sectors involved are agriculture and horticulture, in respect of which the programme in question established a three phase implementation schedule, the first phase beginning at the end of the second year in the second stage, that is at the end of 1963.

In proposing this directive, the Commission is endeavouring to offset a delay by laying down simultaneously the measures applicable in the case of the activities to be freed in the years after 1963.

A study of the draft directive shows to what extent measures to liberalize the exchange of services in agriculture and horticulture are fragmentary through not being synchronized with the liberalization measures relating to the right of establishment. The Internal Market Committee had, however, at the time when the two general programmes were adopted and studied, emphasized the advisability of synchronizing the suppression measures in the two spheres (right of establishment and freedom to supply services) or of accepting the initial proposals made in connexion with the two programmes by the EEC Executive. These advocated full liberalization of services in the transitional period.

The text of the explanatory statement indicates in regard to the co-operative societies "that the directive should theoretically be of benefit to these societies". It adds that in reality or in practice this is very unlikely to be the case. The directive should have made more detailed provision for solving the problem arising directly from the freedom to supply services in the sectors concerned.

The EEC Commission has addressed a recommendation to the Member States that deals with the customs arrangements for tools, instruments or equipment that are temporarily imported from one Member State to another Member State for executing work of every description. The text of the directive draws attention to this by stressing that the recommendation will facilitate the supply of services in agriculture.

It may be asked whether it would not be advisable to address to the Member States a recommendation designed at the same time to facilitate the supply of services by the co-operative societies.

Following the Rapporteur, Mr. Bord (France, unaffiliated) drew attention to the importance of a European policy for establishment and services. The difficulty was that one was faced with the alternative either of abandoning the approximation of conditions under which trades are exercised or of accepting the principle of falling into line with the countries that have the most comprehensive regulations; in fact this would mean encouraging the introduction of trade organizations at the European level. This dilemma must be avoided and the directive adopted should make provision for the fullest liberalization of individual trades and professions.

Mr. Dupont (Belgium, Christian Democrat) stressed the importance of the proposed directive and its legal implications for France in particular, but adding that these did not involve any insurmountable difficulties.

On behalf of the EEC Commission, Mr. Levi Sandri also drew attention to the importance of the directive; its strong point was that it would allow for an exchange of services that would enhance technical progress and help to streamline agriculture.

At the close of the debate the Parliament adopted a resolution in which it noted that the draft directive as well as other directives scheduled in the general programme for the removal of restrictions to the freedom to supply services were submitted by the EEC Commission to the Council considerably behind schedule.

The Parliament considered that the time-lag before the directives are finally established is liable seriously to affect the achievement of complete removal of restrictions to the freedom to supply services, thereby prejudicing the fulfilment of a common market.

The Parliament urged the EEC Commission to submit on schedule the other directives forming part of a genuine common policy for the complete removal of these obstacles to the attainment of the aims laid down in Part II of the Treaty of Rome.

The Parliament also hoped that to further the achievement of a policy of freedom to supply services the timing laid down in the general programme for implementing the right of establishment should also be respected.

The Parliament approved the draft directive after amending it on a number of points.

The marketing of herbage seed, roots and forestry reproductive materials

The Parliament was consulted by the Council of Ministers on a series of directives concerning the marketing of herbage seed, roots and forestry reproductive materials and returned its opinion accordingly.

These directives are identical as regards the main end in view, that is the care and proper handling of seedlings to give the best guarantee of good yields, differing only in detail according to the different nature of the various seedlings. The directives are essentially of a technical nature and contain a series of provisions to ensure effective control of herbage seed and to safeguard the user against fraudulent practices and adulteration at any stage in the marketing process.

In view of the highly technical nature of the directives, the reports respectively submitted on behalf of the Agricultural Committee by Mr. Kriedemann (1), for herbage seed and roots, and Mr. Briot (2), for forestry reproductive materials, were restricted to general considerations.

In Mr. Kriedemann's report in particular, the Agricultural Committee stressed that restricting the herbage seedlings put on to the market to those that had been examined and authorized, while providing better guarantees for the user, should not impair the farmer's right of independent decision and it expressed the hope that the EEC Commission would see to it that no monopoly situation arose in this sector.

In a proposal for a resolution attached to the report, the Agricultural Committee requested that all Community producers may be enabled, as soon as possible, to obtain the varieties produced in the Community under the same conditions. It then called upon the EEC Commission to ensure that all the varieties produced in any one Member country are marketed throughout the Community. It asked the Commission to keep under close observation - and without prejudice - the yields of varieties produced outside the Community. It also stressed the need - in regard to herbage seed and forestry reproductive materials - for Community

(1) Doc. 38, 1964-65

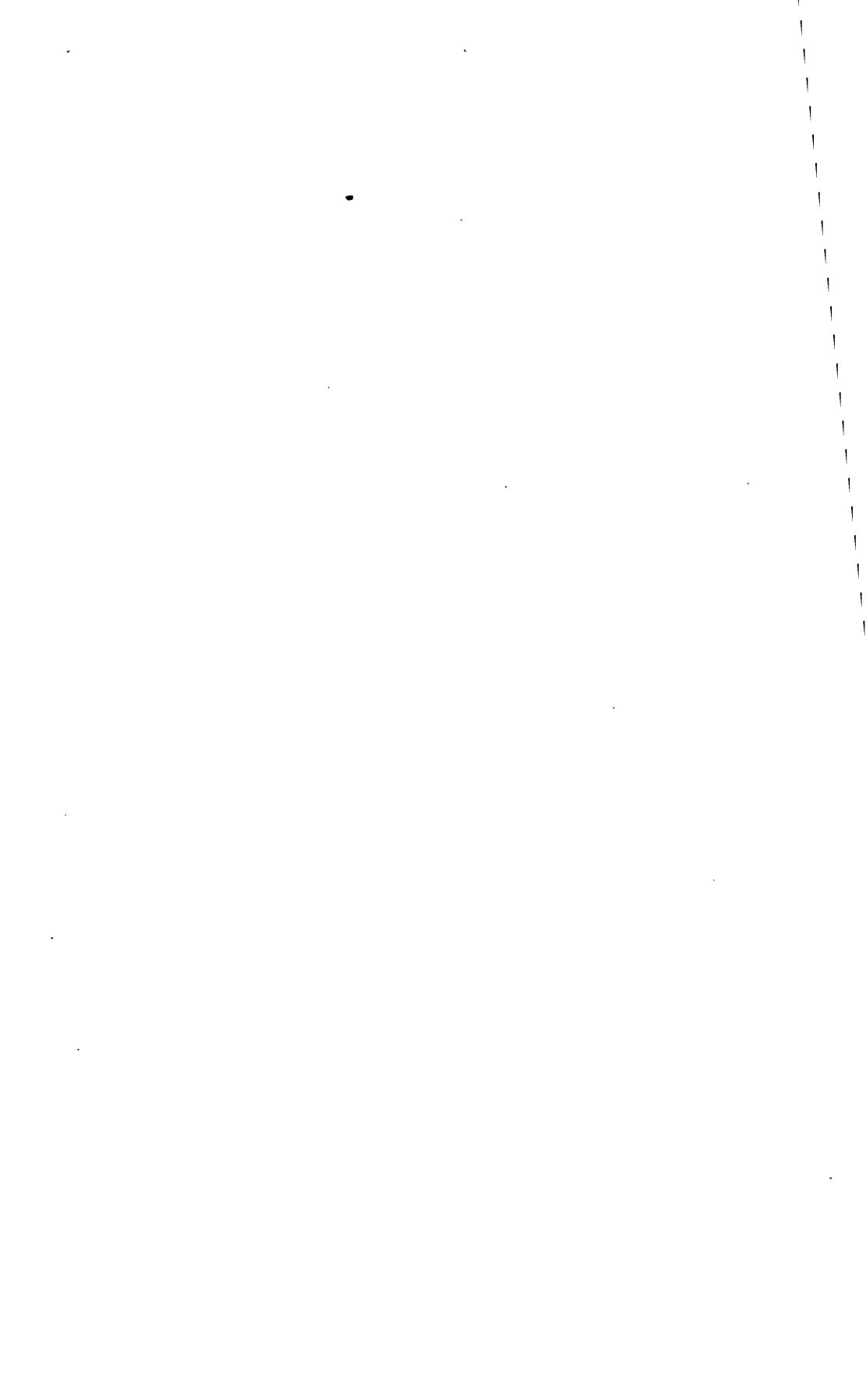
(2) Doc. 37, 1964-65

legislation that would give Community producers ready access to results achieved with varieties produced outside the Community, with the object of strengthening the competitive capacity of Community agriculture.

In the report drawn up by Mr. Briot, the Agricultural Committee drew the EEC Commission's special attention to the need for making suitable allowance, in the final draft of the directive on forestry reproductive materials, for the possibility of the latter undergoing changes as a result of their adjustment to the ecological nature of the soil and its geographical situation. He added however that restrictions based on such criteria should not render the directive impractical.

The Agricultural Committee further stressed the threat arising from imports of forestry reproductive materials; these could be obtained on terms that appeared attractive without their inherent quality being subject to an exhaustive check. The Committee stressed the advisability, at a later stage, of making the standards established by the present directive for inter-Community trade, applicable to exports to non-Community countries.

Mr. Kriedemann and Mr. Richarts spoke briefly to stress how important it was that the controls established by the directives did not result in an increase in seed prices. Mr. Briot, for his part, drew attention to the problem of imports and exports of forestry reproductive materials and Mr. Mansholt, Vice-President of the EEC Commission, also spoke briefly. Following these interventions the Parliament returned a favourable opinion on the directives.



III. WESTERN EUROPEAN UNION

Session of the WEU Assembly in Rome

The 10th ordinary session of the WEU Assembly took place in Rome from 22 to 24 June when Mr. Schmid, Vice-President of the Bundestag, was elected to the Chair by acclamation. Alluding to the difficult phase through which European unification was passing at present, Mr. Schmid felt that it was now unlikely that the Community would be enlarged and that political union would be created. He criticized the states of Europe for falling back on bargaining techniques when it came to furthering common policies.

Mr. Moro, President of the Italian Council, stressed that Italy was using every endeavour to ensure that Europe had a more comprehensive parliamentary representation even though the present one was of the utmost value in reflecting public opinion and in giving to the construction of Europe that impetus it needed to assert itself.

"We have to create a democratic Europe - Mr. Moro added - a Europe open to every country that is capable of shouldering its responsibilities to Europe." The world was changing, Africa was aspiring to unity, the Latin American countries to integration and the Afro-Asian bloc to working together. It would be senseless if Europeans, so often in the vanguard of human progress, were to remain attached to petty national egotisms. Europe needed not only to complete its own structural relationships, it also needed to make the best use of its political vitality in the context of an Atlantic partnership between equals.

Mr. Saragat, the Foreign Minister, was another speaker from the Italian Government. Referring to the proposal by Mr. Leynen (Belgium) that special machinery might be created within the WEU to give the meetings between the EEC and the United Kingdom an institutional form, he advanced the opinion that before creating an organization that would have the responsibilities of achieving these ends, it would be advisable to consolidate the experience gained by ensuring that the quarterly meetings helped to make political collaboration between the Seven more active.

Lord Kenneth (U.K., Labour) stressed the fact that the borders of Europe did not run along the Pyrenees, the Carnic Alps, Lake Constance or along the Elbe. "What are the 45 years of Communism that divide us - he said - in comparison with the 2000 years of Christianity that unite us? Europe cannot remain an incomplete union; to achieve union we need to proceed calmly and collectedly.

Mr. Baumel (Gaullist) criticised the attitudes of both Italy and the Netherlands in making any further discussion of European integration subject to the accession of the United Kingdom to the Community; he described this stand as unrealistic. He expressed the hope that the following three contradictions would be overcome in order to achieve the integration of Europe:

- a) the pre-condition of British accession to a united Europe,
- b) European co-operation losing its momentum in an Atlantic Community,
- c) the resolve to win acceptance for the principle of partnership with the United States without prior conditions.

Mr. Rey, a member of the EEC Executive, took a different view. Speaking in a personal capacity, he deplored the resurgence of nationalism throughout the world. This was all the more paradoxical coming as it did after a war that seemed to have made men realize that it was time to close the centuries-long chapter of the history of nationalism. It was surprising, the speaker continued, that NATO should be regarded as out of date and held responsible for weakening national defences when everyone knew that the last two wars in Europe, whose cause lay in nationalism, were ended solely as a result of the integration of part of the forces at least. No less surprising was the assertion that the vital interests of a country should not be subject to majority rule.

The session closed with an address by Mr. Walter Rostow, foreign policy adviser to the late President Kennedy and to President Johnson, who declared his support for the pursuance of a policy of Atlantic Partnership and European integration. For as long as the Russian armies continued to be deployed along the Elbe, there could be no alternative to NATO. As to Europe, it was clear that it could collaborate with the United States to resolve the vast problems facing the world only if it were united, for it was hard to believe that a typical European national state with a population of 50 or 60 million could amount to a real partner capable of helping the United States to solve such problems. (La Stampa, 23-24-25 June 1964)

IV. NATIONAL PARLIAMENTS

Germany

1. Bill on the election of German M.P.s to the European Parliament

On 10 June, the SPD Group (Social Democrats) tabled a bill in the Bundestag under which, simultaneously with the next Bundestag elections in September 1965, 34 German M.P.s would be directly elected to the European Parliament, with an additional two from Land Berlin to be nominated by the Berlin Chamber of Deputies.

The bill stipulates that only candidates for the Bundestag can stand for the European Parliament, and that only those elected to the Bundestag can be elected to the European Parliament.

Such a procedure - Mr. Mommer, SPD representative, pointed out on 25 June during the first debate on the bill - would be strictly in accordance with the Treaty since the Bundestag intended to send out only representatives who secured sufficient votes at the elections held simultaneously with the Federal elections. Moreover, it would impart an impetus to the European idea. Much stood to be gained, and in addition the proposal was both practicable and reasonable.

The bill was thereupon referred to the Committee for External Affairs and the Committee for Internal Affairs. (Deutscher Bundestag, Publication IV/2338, Bundesanzeiger, 30 June 1964)

2. Parliamentary and budgetary control of the European institutions; democratization of the European Communities

At the session of the Bundestag on 25 June a motion was tabled by the FDP Group (Free democrats) regarding parliamentary control of the European institutions. The motion invited the Federal Government to secure the following decision by the EEC Council and Euratom:

National Parliaments

"Before any decision is taken by the Council of Ministers, the European Parliament shall be consulted on the proposal to be decided upon. Rejection by the Council of any amendments that may be proposed to the draft by the European Parliament shall require a unanimous vote. In such a case, the European Parliament shall be immediately informed of the decision and of the reasons therefore."

In addition, the Federal Government is invited to submit, by 30 June 1964, a proposed amendment to the law on the Rome Treaties of 27 July 1957 covering the period during which no adequate parliamentary control of the European institutions exists, to the effect that the Federal Government shall not approve a decision taken in the Councils of Ministers of the European Community until it has secured a decision by the German Bundestag on the matter in question.

Two motions had been tabled by the SPD Group: one for the democratization of the European Communities and one on budgetary control of the European institutions.

In the first, the Federal Government is invited to advocate in the Councils of Ministers:

1. that the Council of Ministers should notify the European Parliament of its reasons for departing from decisions of the Parliament arrived at unanimously or by a qualified majority, and that thereafter the Parliament should submit a further opinion;
2. that divergent decisions by the two institutions should, where appropriate, be discussed in a joint committee with a view to reconciling them.

The second motion invites the Federal Government, jointly with the Governments of the other Member States, to adopt the following procedure for voting the budget of the European Communities on the basis of voluntary commitment:

"Draft budgets drawn up by the Council of Ministers in pursuance of Article 203 of the Treaty establishing the European Community and Article 177 of the Treaty establishing the European Atomic Energy Community, shall be dealt with by the European Parliament in public session in the presence of, and in joint debate with the EEC Commission. Drafts amended by the Parliament shall be adopted by a qualified majority vote taken by roll-call. The Council of Ministers shall adopt the budget thus submitted

by a qualified majority, after having consulted the Commission. If the Council depart from the draft drawn up by the Parliaments, it shall also consult the Parliament. It may decide on such departures only by unanimous vote and then adopt the budget by a qualified majority. Where the Parliament and Council fail to reach agreement, a joint committee shall mediate between the two institutions."

During the debate, Mr. Furler (CDU/CSU) stressed the common determination of all three Groups to strengthen the position of the European Parliament. His Group would do its utmost to promote European integration. Mr. Margulies, the FDP representative, expressed the hope that a result could be reached through a common effort. There was no point, however, in resting content with claims or with demands that quite clearly could never be met, unless one was prepared to apply pressure needed to further the common aim.

The three motions were referred to the Committee for External Affairs. (Deutscher Bundestag, Publications IV/2091, IV/2211 and IV/2212; Bundesanzeiger, 30 June 1964)

3. Opinions of the Bundestag and Bundesrat on a draft EEC directive for implementing Article 67 of the Treaty

On 5 June, the Bundestag and Bundesrat expressed their opinion regarding a draft directive, which had been submitted to the Council by the EEC Commission, for the implementation of Article 67 of the Treaty (abolition of restrictions on the movement of capital).

The proposed directive relates to the legislative and administrative regulations governing the issue and sale of stocks and shares, their quotation on national stock exchanges and their acquisition by finance houses.

In its opinion, the Bundestag invites the Federal Government to approve the draft directive only if all Member States agree to Articles 1 and 2 thereof and make every effort to render these regulations effective. (Articles 1 and 2 read: "Member States shall, in the legal and administrative regulations governing the issue and sale of stocks and shares on their capital market (the quotation of stocks and shares on their national stock exchanges ... Article 2), abolish any discrimination on the grounds of nationality or of the place of residence of the issuers.")

In the opinion of the Bundesrat the proposals in Articles 1 and 2 of the directive are welcomed as being in the interest of greater liberalization of capital movements within the EEC. It is however considered premature to delete the provisions referred to in Article 3 concerning the acquisition of stocks and shares by finance houses in the form proposed. The Bundesrat feels that two conditions in particular must be satisfied in this respect:

1. "Transfer risks shall be eliminated. In other words, existing or permissible foreign exchange restrictions on capital movements shall be abolished within the Common Market or declared inadmissible in future, so that creditors can take up their claims without delay or restriction.
2. Provision shall be made to ensure that solvency requirements and any guarantees in respect of stocks and shares are comparable throughout the Common Market." (Working Papers, 5 June 1964)

Netherlands

Public debate on European problems in the Foreign Affairs Budget Committee of the Second Chamber of the States General

In pursuance of the law ratifying the Treaties of Rome, the Dutch Government issues an annual report on the implementation of these Treaties (1); the report is then discussed by the Foreign Affairs Budget Committee. The purpose of this is to streamline procedure in the Second Chamber: it replaces the written preparations for the public debate in the plenary assembly and is, to a large extent, intended to replace the debate itself.

The public meeting of the Committee, held on 20 and 21 May 1964, was attended by 52 members of the Second Chamber (more than one-third of the total number of members), of whom 11 were members and 7 substitute members of the Budget Committee, by Ministers Luns (Foreign Affairs), Witteveen (Finance), Andriessen (Economic Affairs), Veldkamp (Social Affairs and Public Health), and by State Secretaries De Bleek (Foreign Affairs), Bakker (Economic Affairs), Keyzer (Transport and Public Works) and Bartels (Social Affairs and Public Health).

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- (1) Report on the application of the Treaties establishing the European Economic Community and the European Atomic Energy Community.

There were 63 items on the agenda.

A summary of the main speeches made, during this searching debate follows.

The main sources of disagreement among the Six on the future development of the European Community bear particularly upon the unanimity rule and parliamentary control, said Mr. Van der Goes van Naters on behalf of the Socialist Party. What did Mr. Pompidou, the French Prime Minister, mean when he said: "Il y a une règle qui s'impose en tout cas pour la France: c'est qu'à aucun moment il ne sera possible qu'une décision totale soit prise contre la volonté expresse d'un état"? (There is one rule that is imperative for France: never will it be possible for a general decision to be taken against the express will of one of the States.) In the speaker's opinion this meant that majority decisions that would be taken as from 1966, would not apply to matters of vital importance. He wondered whether the Government expected France to negotiate on the subject or whether it regarded this as a brutal violation of the Treaty. Would the Government make it clear to France that while her partners were prepared to negotiate on quite a number of subjects, they were not prepared to negotiate in regard to a Treaty provision that had formally been accepted by all the partners and that took the supranational idea a stage further.

Mr. Van der Goes van Naters looked upon the crisis of European parliamentarism in the same light. It is clear that effective parliamentary control in the EEC is not regarded as desirable; what is envisaged, of course, is a new political summit that would be subject to no control. This would amount to a travesty of the European parliamentary function as originally conceived for an organized Europe.

Moving on to the stage when decisions were taken on a majority vote and introducing effective parliamentary control were preconditions for achieving political union, said the speaker.

Mr. Berkhouwer (VVD - People's Party for Freedom and Democracy), urged the Five to put an end together to their "immobility" in regard to the Sixth Partner. Perhaps the WEU could once again serve as a catalyst to give a fresh impetus to the integration process now facing deadlock and form a "political roof" over EFTA and EEC - an idea launched by Mr. Butler, British Foreign Secretary, at the NATO conference. The interests of the Six are rather largely directed towards the Mediterranean and it is important that the Community should endeavour to restore the balance by leaning as well on countries in northern Europe and west of the English Channel, that is including the United Kingdom.

The process of economic integration, said Mr. Blaisse (Catholic People's Party), should be seen against the background of our interest in world policy and be given a highly international character. The anxiety now apparent all over the world makes it vital for us to have in Europe a point of support in the EEC and to try and develop within it a consistent policy. The question is: how can we make progress in spite of the disagreements existing within the Community? A far better policy could be pursued in regard to many aspects of the EEC Treaty without necessarily isolating France, that is without placing the Five in opposition to France. In this respect a fundamentally unbalanced development can be seen in internal policy - where certain sectors are lagging behind, e.g. energy policy, monopolies (Art. 37), subsidies and monetary policy - as well as in external policy, particularly as regards trade policy. The Kennedy Round and World Trade Conference are test cases, especially as far as the developing countries are concerned. Not only should we be prepared to buy their products, but we should also put an end to discrimination, which means that we should not maintain exclusive arrangements with the Associated African States, said Mr. Blaisse.

Following speeches made by Mr. Bos (CHU - Christian Historical Union), Miss Rutgers (ARP - Anti Revolutionary Party) and Messrs. Bakker (Communist), Nederhorst, Patijn and Vredeling (Socialists), Mr. Luns, Foreign Minister, stated that in his opinion, too, Mr. Pompidou's statement was inconsistent with what was explicitly laid down in the Treaty. More subtle and less objectionable was Mr. Couve de Murville's statement during the foreign policy debate in the French National Assembly: "Je ne crois pas qu'il faudra à la légère mettre dans la minorité tel ou tel de nos partenaires." (I think we should not - without due reflection - put any of our partners in a minority position.)

With regard to the revival of the WEU Council, the speaker recalled that, as a result of a Dutch initiative, it had been decided in July 1963 that the agenda could include economic matters as well and that EEC Commission representatives would attend discussions on these matters. The three meetings held up to now have all been attended by the EEC Commission. The WEU is particularly suitable for a rapprochement between the parties concerned, although the political resolve to come closer together does not seem to be equally shared by all the six countries.

The idea of a "political roof" over EEC and EFTA had been suggested by Mr. Butler at the NATO conference. It was an interesting approach, said Mr. Luns, although, to make it practicable, it would have to be trained on a different angle. Moreover, the EEC and EFTA, as well as the individual countries themselves, would have to make every effort to prevent the existing economic gulf from growing wider.

In response to a question by Mr. Vredeling, Mr. Luns stated that Mr. Schmucker (German Minister for Economic Affairs) had proposed in the Council on 4 February 1964 that internal customs duties be reduced by 20 per cent on 1 January 1965 instead of by 10 per cent; this would take the reciprocal tariff disarmament to 80 per cent. This disarmament, however, has been made contingent upon the continuation and a favourable outcome of the Kennedy negotiations. The Netherlands and other countries had already pointed out that it would seem premature to express, at this juncture, an opinion on the proposal. Further speeding-up of the customs union requires a certain balance in the development of the economic union, while the abolition of trade restrictions requires a certain balance between industrial and agricultural products.

Mr. Andriessen, Minister for Economic Affairs, discussed in particular Mr. Blaisse's statement on the lack of balance in Community policy - a point on which opinions differ considerably. In the speaker's view agricultural policy was making satisfactory progress, but competition policy was, perhaps, somewhat slow. However, the EEC Commission had to deal with so many cases that it was not easy to make much headway.

Fortunately, the policy relating to economic trends was making some progress, thanks to Mr. Marjolin's efforts. This had led to the drafting of a programme which had been approved by the Council.

With regard to speeding-up the customs union, Mr. Andriessen stated that the governments had submitted a number of projects often dictated by self-interest. Mr. Schmucker's plan could not immediately be implemented on account of the reasons mentioned by Mr. Luns. However, Germany's interest would be served by somewhat larger imports, as her balance of payments had an inflationary cause. The speaker was not against speeding up the customs union, but this would entail earlier introduction of the common external tariff which had some less favourable aspects, in particular for trade policy in relation to third countries. All this was closely bound up with the Kennedy Round, so that the speaker felt it would be advisable to wait for the outcome of the Kennedy Round. Unfortunately, the common policy has not yet progressed enough for the EEC to act as a body at the negotiations. Although France's one-sided action on some matters was to be regretted - the speaker referred in particular to her independent introduction of a market organization plan for basic products - she was not wholly unjustified in proposing, from the very start of the negotiations, a 50 per cent reduction as a "working hypothesis", the same expression having already been used at the "non-stop session" some time before.

Mr. Van der Goes van Naters (Socialist) wondered whether the Butler Plan was not similar to the Eden Plan and the Selwyn Lloyd Plan. Mr. Luns did not regard the Butler Plan as a concealed attack on the EEC. In fact, an important new development had occurred, namely Britain's attempt to join the Community. Moreover, Mr. Butler had made his plan conditional on the eventuality that Great Britain would find it impossible to join the EEC.

Mr. Bakker (Communist) and Mr. Bos (Christian Historical Union) feared that France and Germany had the same ideas on the unanimity rule in decisions of the EEC Council. However, said Mr. Luns, there was a fundamental difference between the proposal made by Mr. Schwarz, German Minister for Agriculture, with a view to retaining the unanimity rule for decisions concerning cereal prices and the French Prime Minister's controversial statement. The first was only a proposal which, as a matter of fact, had not been accepted, while the second expresses a blunt opinion which, if it were based on a decision of the French Government, would mean a repudiation of the Treaty.

In reply to a question by Mr. Westerterp (Catholic People's Party) Mr. Luns stated: "If Great Britain should declare at a given moment that she sets little store by membership of the EEC or participation in the political union, this would not be regarded by the Dutch Government - as far as can be judged now - as a reason for refusing access to the EEC to other European countries." A political union without the United Kingdom should fulfil two conditions (a) affording an opportunity for supra-national development at a later stage and (b) allowing sufficient parliamentary control from the outset. Non-fulfilment of these two conditions was in fact the reason why the political union had failed in 1962. However, it should not be forgotten that, at that time, the accession of the United Kingdom to the EEC seemed practically certain.

Merger of the Executives and strengthening of the position of the European Parliament

It would seem, said Mr. Westerterp (Catholic People's Party), that the problem of the seat, that is to say the "location" of the institutions, blocks the plan for the merger. When considering the question of the seat of the Executives, account should be taken of the seat of the Secretariat of the European Parliament and the place where it holds its plenary sessions. Was the Government prepared to consult the European Parliament at least on the last point before taking a decision in the Council? The speaker also wondered whether it would not be advisable to consult again the European Parliament on the merger itself, should the Council's decision depart on essential points from the proposal submitted in 1961 by the Dutch Government, which had the approval of the European Parliament.

The financial responsibilities of the High Authority are greater than those of the other two Executives. Would it be possible, in case of a merger, to give at least partial financial independence to the new executive and could a solution be found here to the loss of powers which threatens the European Parliament? The latter exerts a greater influence on the High Authority than it does on the other two Executives. The speaker urged the Government not to agree to a merger of the Communities before certain essential requirements of the other Member States had been met. These are: a real broadening of the powers of the Parliament and election by direct suffrage of at least part of its members. If this opportunity were not taken it would be too late. The merger of the Communities should therefore "be made dependent upon a real participation of the social and political partners (that is the political groups and the European Parliament) in the policy of the Communities". The proposal of the Dutch Government to the Council, that the future Executive be invested by the European Parliament has little chance of being accepted by the French Government.

The budgetary procedure in the Communities should, however, be reviewed in any case, either according to the proposal of the Dutch Government or according to that of the European Parliament, or - if the latter met with too many objections - according to the German proposal which aims at giving the European Parliament the right of decision on Community expenditure but not on receipts. The aggregate amount made available by the six governments should be increased every year by a normal percentage. The Executive should inform the Council of the financial implications of new regulations immediately upon submitting the drafts.

Mr. Vredeling (Socialist) criticized the fact that the Government had raised the question of parliamentary control over the European Guidance and Guarantee Fund only at the very end of the "non-step" session. Also it appears only now that the Government considers that the budgetary powers of the European Parliament can only be extended by amending the Treaty. The speaker disagrees absolutely with this viewpoint. If France continues to oppose this extension, the other Five should come to an agreement on the line of action to be taken. Mr. Vredeling felt that, among the Five at least, the conditions for such an agreement were practically met. This is a very important problem: responsibility for the budget of the Agricultural Equalization Fund has to a large extent been withdrawn from both the Government and the States General. The amount involved, in terms of income and expenditure, is one thousand million Guilders and this amount is now the responsibility of the Council of Ministers, the national parliament having no longer any say in the matter. This only relates to the market and price policy. As regards the structural policy, amounts of 150 to 200 million Guilders can no longer be freely used by the Dutch parliament. The general economic and

National Parliaments

social policies, too, are increasingly decided upon by Brussels. The same thing would happen to the policy relating to economic trends. Thus, said the speaker, democracy is now in danger of gradually being emptied of its meaning without any replacement being made on a European level. "If the EEC does in fact pursue this autocratic and technocratic course, said Mr. Vredeling, the question arises whether we can continue to give it our support." The full consequences of the decisions taken in the economic sector are already being felt. The democratic development of the Community cannot be put off any longer. First and foremost the powers taken from the national parliament should be given to the European Parliament, that is be placed on a European level. This holds particularly for the Agricultural Guidance and Guarantee Fund, in regard to which the Netherlands will have to make it clear that they will only be able to approve its budget if full parliamentary control is carried out over the large assets of the Fund. The French Government in particular should be given to understand that this standpoint is a reaction against its own attitude, which is endangering European democracy.

Following up the previous speakers, Mr. Van der Goes van Naters (Socialist) specified the line of action the Government should take towards the Council. The Dutch Government should inform the Council "that in certain cases and in accordance with a given procedure, it intends to conform to the opinion of the European Parliament", and it should ask its partners to do the same. A qualified majority in the Council can be reached if a sufficient number of countries adopt the same attitude. If the Dutch Government were prepared to do this, an official delegation of the European Parliament could, in concert with the Dutch Government and other Governments, specify the type of decisions that should be adopted in the European Parliament, as well as the procedure to be followed and the majority required. However, this can be done later. The Treaties do not preclude such a line of action. Article 203 (4), paragraph 2, stipulates that the European Parliament can amend the draft budget; "the draft budget so amended" is then transmitted to the Council. The Council has to give its opinion, whereupon the procedure proposed by the speaker should be followed.

Mr. Blaisse (Catholic People's Party) enquired whether it would be possible for the Parliament to be given wider powers in pursuance of the law ratifying the EEC Treaty. This law stipulates that certain agreements concluded under the Treaty, could be submitted for parliamentary approval.

Mr. Luns said he was struck by the undertone of pessimism and criticism on the development of the EEC. It is true that the Council, i.e. the most important body of the Community, takes its decisions in a sort of political vacuum, but it would not be

possible to do very much about this in the near future. As regards the budget, the Dutch Government would do its utmost to reach a unanimous standpoint with the other four countries.

Mr. De Block, Secretary of State, considered that a review of the Treaty was essential in order to amend the budgetary procedure. An appropriate date for this could be 1 July 1965, when one of the countries might find it an advantage to continue its agricultural policy with the Fund's help. An opportunity will certainly occur in 1970 for, in accordance with Regulation No. 25, Article 7, the Agricultural Fund will have to operate by 1970 at the latest with the Community's own resources. In any case, it seems most unlikely that a majority could be secured in the Council for the European Parliament's conception of budgetary procedure.

Mr. Vondeling declared on behalf of the Socialist Group that the "birthright" of a parliament - its right to pass the Budget - could not be bartered away for a difference of a few farthings in the price of margarine. This may not have happened, but the impression had been given at times that the price of margarine was well worth the failure of a debate. "We have nearly reached the limit on this point, said the speaker, and if we go on like this we could really be regarded as collaborators of de Gaulle."

Mr. Luns considered that the Dutch Government, along with other governments that shared his views, should take a firm stand at the right moment and keep to it. The time will come when the Dutch Government will say that a transfer of national powers to a European authority is unacceptable if it is not accompanied by a considerable extension of the powers of the European Parliament. The Chamber and the Government were in full agreement on this point.

With regard to the seat of the European Parliament, Mr. Luns informed Mr. Westerterp that the Dutch Government would on no account accept a solution over which the Dutch members of the Parliament had not been consulted.

The clause of the law ratifying the EEC Treaty, referred to by Mr. Blaisse, did not apply to Council regulations, which should be regarded as a direct execution of the Treaty, said Mr. De Block. He added that he saw little possibility of strengthening the Parliament's influence by means of contacts with the Council. The Parliament's position would be automatically strengthened when the Council will give more powers to the Executive Commissions. The

National Parliaments

question of the investiture of the new Executive and that of direct elections are being held over until discussions on the merger of the Communities have been completed. (Proceedings of the Second Chamber, 1963-64 session, 20 May 1964)