

EUROPEAN PARLIAMENT

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P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

Chronological summary

- 4 May Official visit of Federal Chancellor Erhard to Luxembourg.
- 7 May Charlemagne Prize awarded to Mr. Segni, President of the Italian Republic, at ceremony in Aquisgrana.
- 7 May Congress of the MRP Party at Le Touquet.
- 22-24 May Congress of the Belgian Christian Labour Movement in Brussels. Debate on European integration.
- 25 May Signing in Brussels of the Treaty for mutual assistance between Belgium, Luxembourg and the Netherlands.

European integration

1. Federal Chancellor's visit to Luxembourg

On 4 May, Federal Chancellor Erhard concluded his first official tour of the capitals of the European Community by a visit to Luxembourg.

The joint communiqué reads: "European questions stood in the forefront of the discussions. The Governments of the Federal Republic and Luxembourg note the gratifying progress already made in building up the existing European Communities. They are doing their utmost to ensure the continued development of the European institutions and look forward to a strengthening of European union as a result of the contemplated merger of the European executives, the subsequent merger of the Communities themselves and the extension of the powers of the European Parliament. The Federal Chancellor showed a sympathetic understanding of the problems that the proposed merger of the Executives would raise for Luxembourg. The two parties to the discussion made a detailed study of ways and means of establishing even closer union among the States of the European Communities and agreed on the necessity for political forms of co-operation that would bring Europe nearer to a union based on democracy. It was agreed that, in striving for European unity, special value must be laid on co-operation with European countries seeking links with the Communities. Both Governments therefore wish to make the most of the opportunities offered by the Western European Union for intensifying contacts and, to the best of their ability, to support the Council of Ministers in carrying out its task.

The Federal Chancellor and the Luxembourg Prime Minister then discussed questions arising from the GATT negotiations initiated on 4 May 1964. Both Governments will endeavour to play their part towards ensuring the successful outcome of the Kennedy Round..." (Bulletin of the Federal Government's Press and Information Service, 6 May 1964)

2. Mr. Antonio Segni's opinion on the guiding principles for European unity

In Aquisgrana on 7 May. Mr. Antonio Segni, President of the Italian Republic, was awarded the Charlemagne Prize in recognition of his outstanding services to the cause of Europe.

The Prize was awarded for the first time in 1950, to Mr. Coudenhove-Kalergi, founder of the Pan-European Union. It was subsequently awarded to Mr. Brugmans, Mr. De Gasperi, Mr. Monnet, Sir Winston Churchill, Mr. Spaak, Mr. Schuman, Mr. Marshall, Mr. Bech, Mr. Hallstein and Mr. Heath.

In his speech of acceptance, the President of the Italian Republic outlined the practical basis of European integration and the ideals underlying it. The salient passages of his speech read as follows:

"A united Europe, as far as we Europeans, who share the same civilization, are concerned, does not simply imply the physical juxtaposition of various states, but rather, the constitution of a balanced political, economic and social entity, that is the expression of a common civilization, united in freedom, justice, order and progress, morally and materially strong, capable of ensuring its own security while remaining outward-looking and, above all, an effective force for peace.

This union naturally presupposes the free consent of its member nations, each of whom of course wishes to preserve its integrity, retain its own character and the right to act as a free agent. Nothing therefore is more alien to the European spirit than ideas of hegemony; these we reject once and for all.

Great ideals, however, are not achieved without a long and arduous struggle that calls for definite aims and flexible methods, clarity on questions of principle and realism, perseverance and a sense of timing. Nothing could be more harmful than either doctrinaire attitudes or impulsiveness - especially where the problem is that of overcoming century-old traditions and conflicts of interest that call for real understanding.

If we continue along our present path we shall of course discover the extent of the difficulties to be overcome in the process of European unification but we shall also acquire the conviction that this is a necessary process, the alternative of which would be the final decline of Europe.

..."Universal order" - the underlying principle of Charlemagne's empire - has today, because of the conditions prevailing in the world, assumed the nature of an imperative. Yet whereas Europe at that time was in itself a universe and therefore an end in itself the Europe of today can be no more than a means. Europe, I repeat, can not therefore - and will not - become shut in upon itself. And beyond its frontiers fixed by a common civilization,

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Europe wishes to become part of a larger Community to which other countries - including non-European states - will belong and with which they are already united by so many ties of interest and ideals not to mention the ultimate bond of common security...

I consider it to be essential that this growth should steadily be achieved. The Common Market, with its population of nearly 200 million, with its natural resources and production potential, already represents a great power. This is a practical reality and it is in our vital interest to maintain and develop it. But accession, without reservations, of other countries to the EEC will give it a new impetus whose implications are incalculable.

Naturally we hope that out of this economic unity there will emerge a wider union, whose ultimate and - I admit - remote aim should be the United States of Europe. Everyone knows that we regard this final goal not as a means to power or to create a bloc that could compete with the world's super-states but as an instrument for cohesion and peace and as a contribution to the solution of the agonizing problems that face such a vast section of the human race. In relation to our friends across the Atlantic, we wish to be allies who are not only loyal but strong. Europe, NATO, the Atlantic Community can therefore be considered as a single unit, whose primary aim is to promote the development of a peaceful world, free from selfishness, rivalry and fear.

Those of us who hope to see Europe united must be capable of arousing in our peoples the firm political desire to create Europe. Only great currents of public opinion can create the conditions under which the governments can build boldly and build to last. Against the background of the twists and turns of history, idealistic impulses always prevail over selfish motives and reasons of state in a traditional sense. We look forward to the future with confidence; we shall work so that we may pass on to succeeding generations practical achievements that will provide a foundation for subsequent progress and enable them to build a free, just and more prosperous world." (Relazioni internazionali, No. 20, 16 May 1964)

3. Italy's foreign policy discussed by the weekly review "Il Centro"

Discussing Italy's foreign policy, "Il Centro" - a weekly review reflecting the Centre-Left trend of Christian Democrat opinion, as directed by Mr. Gonella and supported in particular by Messrs. Scelba, Lucifredi, Martinelli and Scalfaro - give its opinion as to where its main emphasis lies:

"1) Doing everything possible to underscore political and economic aims in the EEC countries that correspond to those that came to the fore in Italy through the Centre-Left, ostensibly with the object of combating "conservative" reaction in France and Germany and of laying the foundations for a united Europe, under the leadership of the "Democratic Left".

2) Preventing further steps towards the economic unification of the Continent unless and until conditions are met for a revival of European political unification in a "progressive" sense.

This plan is consequently essentially negative and it has been applied in full in every major foreign policy decision so far taken by the Centre-Left Government. It will suffice to mention its decision to await the results of British parliamentary elections before committing itself on the multilateral nuclear force issue. This was in the hope that if the Labour party won, the ranks of those Europeans who are opposed to the multilateral force would be strengthened; the Italian socialists are officially among the opponents of the M.L.F. It refused to give any support to Spain's request for association with the EEC, for fear that it would enter the economic bodies of the Community, and thus strengthen "conservative" forces that would still prevail in those bodies. The constant support, whether direct or indirect, given by the Government to the radical-socialist wings that form the opposition in various European countries, especially in France and Germany, is geared to the future of political Europe. It is this attitude that has in fact resulted in the complete political isolation of Italy in Europe."

Thus, after stressing the urgency of a decisive change of course in Italy's foreign policy, to prevent the country from being indefinitely ostracized, with all that this would imply, and rendered inactive in European and world politics, the writer of the article concludes: "Ideological schemes, that are in part or wholly alien to European political and economic realities, must be eschewed. Italy must again be, as she was in the past, a force for progress and solidarity in Europe's steady advance towards economic and political unification. This advance must be adjusted to the realities and consistent with the overall situation on the continent; in this way every factor can be put to the best use." (Il Centro, 24 May 1964)

4. "Europe in the making"

"Socialismo democratico", the weekly review of the Italian Socialist Democrat Party, recently published an article entitled:

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"Europe in the making" in which, after giving a brief outline of the difficulties and vicissitudes at present delaying the construction of Europe, it states that the present deadlock can only be surmounted "if the people in the countries concerned combine their efforts to spur their governments into assuming responsibilities and finding solutions that aim at fuller European integration".

The article here recapitulates on fundamentals:

"1) In its conception, the Community was outward-looking and it should remain open to every democracy in Europe willing to accept the rules and objectives of the Treaty of Rome - which also include the defence of freedom and peace.

Negotiations with European countries seeking accession should therefore have these aims in view and establish suitable arrangements for achieving them.

In the case of the United Kingdom, the negotiations were abruptly broken off by the unexpected veto of De Gaulle, even though they were already fairly advanced; it is therefore essential that they be resumed as quickly as possible. As to a geographic extension of the Community - regarded as desirable - negotiations for the accession of, or association with the other EFTA countries should also be resumed; relations with Overseas States and Territories should be strengthened and a Community policy vis-à-vis the developing countries should be put into effect.

There is, however, no room in the Community for countries - like Franco's Spain - that are not "inspired by the same ideals" as the Member States, in that they do not recognize human rights or the exercise of freedom either politically or at the trade union level. This should naturally apply for as long as this undemocratic situation persists.

2) European integration was envisaged along Community lines and is irreconcilable with the hegemony of a particular nation or group of nations. Relations between EEC countries should be treated as internal policy matters; consequently any return to nationalist policies, either in the form of conventional balance of power diplomacy or in the traditional form of alliances, should be regarded as a being quite out of place.

3) The integration of Europe should be accelerated and implemented in respect of every branch of the economy - including agriculture - by means of planned economic policy at Community level that would promote the requisite structural reorganization and ensure that increased earnings were put to the service of social progress.

The Community's economic and social policies - within which national programmes will be fitted together - should be implemented with vigour and co-ordinated with representatives from Free Trade Union organizations who, far from seeking to shirk responsibility, wish to take direct and full part in such important deliberations.

4) The European Community, for whom a merger of the present three executives of the ECSC, EEC and Euratom has become necessary, should as soon as possible be endowed with a Parliamentary Assembly elected by direct universal suffrage (even if only in part to begin with, as suggested by Mr. Saragat on behalf of the Italian Government, in order to overcome the difficulties of a full direct election). Such an Assembly would be vested with genuine powers and could gradually achieve political union by creating the United States of Europe - including the United Kingdom - as the expression of the democratic will of the peoples of Europe.

Only thus will it be possible to overcome internal conflicts still rife in the Community and achieve the grand design that will widen the horizon of Europe to embrace the whole world. (Socialismo Democratico, 24 May 1964)

5. The Congress of the MRP ('Mouvement Républicain Populaire') Party

The 21st Congress of the MRP was opened at Le Touquet on 7 May. Mr. Blin, rapporteur on social and economic policy and former Deputy, made the following statement:

"When it is a matter not only of defending together but also of building together, not only of preserving Europe as it is but also of making it as history would like it to be, then those responsible for this task find it extremely difficult to get a hearing. Admittedly, the French Government professes that it is desirable that the States should harmonize their different policies. In fact, it acts quite independently and tries above all to disconcert or to take by surprise. How can one reconcile

an almost morbid bias with the spirit of a treaty based more than any other on mutual confidence and sincerity? Neither the French cause in Europe nor that of Europe in the world can be defended with means that weaken and jeopardize it."

Mr. Monteil, rapporteur on foreign policy, observed that "differences have now reached such an extent that attempts to revive political union have come to a dead-lock. France's partners, and Germany herself, in spite of the Franco-German Treaty, believe that it is useless to try to initiate new procedures for co-operation when there is complete disagreement over the aims. Gaullist policy has paid here the price of its inconsistencies: one cannot advocate and support economic integration and at the same time refuse political integration."

The rapporteur was prepared to make allowance for transitional periods but he felt that "immobility must be avoided at any cost. Limits must be set but every possible means must be exploited." (Le Monde, 9, 10 and 11 May 1964)

6. French views on majority votes at the EEC Council

On 19 April, in connexion with the foreign policy debate at the French National Assembly, the Minister for Foreign Affairs, Mr. Couve de Murville, stated that it would be mistaken to believe that on proceeding to the third stage of the Common Market, it would be possible to put one of the European partners in a minority and to take a decision against its explicit wish, particularly if the partner concerned is Germany.

On 14 May, the French Prime Minister, Mr. Pompidou, was the guest of the Anglo-American Press. After having referred to the problems of the Common Market and to the association with the EEC of certain states, and recalled on this point France's "flexible doctrine", Mr. Pompidou added on the subject of voting which will require within a certain period of time not only unanimity but also a majority in the Council of Ministers: "At no time will it be possible for any decision to be taken against the wish of a particular Member State. It is in the interest of the EEC to advance smoothly and in full agreement."

During a debate arranged by the newspaper "l'Opinion en 24 heures" on the common energy policy, Mr. Jean Couture, Secretary-General for Energy, stated that no vital decision would be taken in the Common Market against the wish of a Member State (Documents of the National Assembly and "Le Monde" of 23 May 1964)

7. Mr. Linthorst Homan takes optimistic view of European integration

Mr. J. Linthorst Homan, member of the High Authority of the ECSC, stated in Amsterdam on 29 May 1964, that the political crisis in the European Community had evoked numerous constructive forces. He is therefore, in spite of his pessimism as to the near future, particularly optimistic with regard to long-term developments. Mr. Linthorst Homan, who was speaking at a meeting of the Society for International Affairs, rejected the idea of a European political union of the six European Community countries based on absolute national sovereignty. He was also against a merger of the EEC, Euratom and ECSC, unless it meant an advance on the existing situation.

European economic integration would remain isolated amidst the ups and downs of international policy as long as the Community partners failed to establish political union, said Mr. Linthorst Homan, but the situation might be made worse if the European Treaties, with their subtle compromises, were to be followed by an old-style union, i.e. based on absolute national sovereignty.

The merger of the European Executives (EEC Commission, Euratom Commission and High Authority) was an excellent idea which should be carried into effect as soon as possible. Such a merger, however, is conditional upon a unification of the EEC, Euratom and ECSC Treaties. How this is to be achieved is a question that remains to be answered. It would of course be possible to blend the main points of the three Treaties into an up-to-date and comprehensive treaty and to invest the Central European Commission with extensive powers and financial independence. On the other hand, it is also possible to drop those points altogether. In that case all the work done since 1950, when the ECSC was set up, would have been useless.

No one would or could expect a new treaty to define the policy that will be pursued by the new Community and, later, by the new Europe. This cannot be laid down in advance in view of constant political developments and the dynamics of interaction in the modern world. What could be demanded, however, is that the new treaty be an advance on the existing situation. If not, it would hardly be worth having it.

Mr. Linthorst Homan went on to state that the compromise between supranationality and national sovereignty, on which EEC and Euratom are based, would be endangered if there was to be a departure - as it unfortunately appears to be the case - from the principle of majority decisions in the European Council of Ministers. He reminded his audience of the fact that the EEC

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and Euratom treaties laid more emphasis than the ECSC treaty on national factors. Those who advocated a European approach (the Netherlands in particular) had, however, been assured that the Council of Ministers would be tied down to a procedure whereby any departure from the Commission's proposals could only be made without one dissentient vote, and that the principle of majority decisions would be gradually introduced.

France's present opposition to the idea of integration is not new, Mr. Linthorst Homan added. She was already against it when the European Communities were being set up. France is certainly in favour of common achievements but is not prepared to give up her identity as a nation. The speaker described the recurring French slogan "a common market - yes; integration - no" as a jest. No country is prepared to lose its national identity in the new community. Quite on the contrary, the aim is to create between, as it were, and over the national administrations, an organization that will adjust them to the new and necessary dimensions of this century, dimensions for which they themselves have become too small. All the present difficulties result from this French attitude. As the Treaties show, the European Community was not established solely for free trade purposes. If the Community does not advance towards a modern federalism - in one of its many forms - then it will relapse into an intergovernmental union. (Handels- en Transport Courant, 30 May 1964)

8. Mr. Brandt's views on European and world problems

On 15 May Mr. Willy Brandt, Mayor of West Berlin and Chairman of the German Social Democrat Party, addressed the Foreign Affairs Association of New York on the main European and world problems.

Referring in particular to the problem of European integration and the difficulties now dividing the Western States among themselves, Mr. Brandt stated that "it is neither sensible nor fair to hold General de Gaulle responsible for these difficulties." Even though some of his decisions were hard to understand, there were good reasons for recognizing that de Gaulle "had boldly and stubbornly thought the unthinkable and had begun to draw the inferences."

Mr. Brandt stressed the need for frank and well-informed discussions about the problems and the dangers facing the West, among which he mentioned "excessive nationalism". He felt, however, that Europe should not give up the aim of integration simply because obstacles had come to light that at present seemed insurmountable.

He went on to state: "We must from time to time consider every possible course open to us. In other words, all available means must be used for strengthening and furthering the development of Europe as a Community. Firstly, the Common Market, Euratom and the ECSC must be merged. Provision for this has already been made. Secondly, the administration must be placed under parliamentary control and Europe must be democratized. This will not be possible without pressure. Thirdly, there must be continuous and reasonable co-ordination in the spheres of culture and foreign policy. This course must not lead to the division of Europe but rather to a partnership on a basis of equality with the United States.

Fourthly, further efforts must be made to re-unite those parts of Europe that are still divided. The door that was slammed in the face of the United Kingdom must be re-opened. This equally applies to countries like Denmark and Norway.

Fifthly, the European Community is in a position to grant accession to countries such as Sweden, Austria and Switzerland, while making due allowance for their special status. Spain too will one day - which it is to be hoped will not be too distant - be able to take her place in a Europe that is free and against no one.

Finally, we must also demonstrate our desire to collaborate with the peoples of Eastern Europe. The time has come for recognizing with fuller understanding that Europe does not end at the Iron Curtain."

In connexion with this last point, Mr. Brandt expressed the hope that the West would "collaborate, both economically and in other ways, with the countries of Eastern Europe" to develop among the different peoples of Europe the common interest of preserving peace.

"We should propose to the peoples of Eastern Europe plans that could be executed jointly and show them we are not afraid to bring their standards of living up to our own level, but rather pursue this aim.

This was furthermore in line with the original idea of the Marshall Plan.

In this way we shall have met the threefold requirement of: strengthening Atlantic collaboration and ensuring peace, encouraging the process of change in the Eastern Bloc and combating hunger in the world with greater vigour.

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The Federal Republic of Germany had, since its inception, demonstrated that it had learned the lessons of history.

The Federal Republic was ready, in the interests of Europe, to abandon rights of sovereignty. It had assumed its share of responsibility for the common cause of freedom. We are of the opinion that NATO must not be enfeebled. It must in due course be expanded and more closely integrated, and its decision-taking procedure must be streamlined. Nuclear ambitions do not worry us. We do not wish to see any increase in the number of nuclear powers. We have no wish to dispute the right of the President of the United States to take the ultimate decision. We do not want, however, to shirk our share of responsibility, even in the field of nuclear strategy. Equally strongly I hope we shall have full collaboration in regard to the control of armaments and the restriction of armaments.

For this is simply the other facet to a single indivisible security." (Relazioni Internazionali, 6 June 1964)

9. Congress of the Belgian Christian Labour Movement and the political integration of Europe

At the Congress of the Belgian Christian Labour Movement, held in Brussels from 22 to 24 May, a report on "The Christian Labour Movement and European integration" was presented by its Vice-President, Mr. Grégoire. After having dealt with what had already been achieved, the rapporteur summed up the position as follows: successful economic integration, mitigated results in the field of social development, lack of progress on political integration at government level.

Resistance to political integration could be accounted for by the deep-rooted belief in national sovereignty, which is the consequence of the whole history of the nations of Europe.

The Common Market, after a good start, is now running the risk of being hampered both in its development and in its objectives if it is not completed by its essential political corollary.

Political integration is just as necessary as economic integration to achieve the social aims provided for in the Treaties.

Federal Europe has our preference but it is not for tomorrow. We are not, however, for a 'Europe des patries'. What matters, in our opinion, is that we should advance on the road to European unification, step by step perhaps, but still advancing. In essence, the hope and expectations of the Christian Labour Movement for the near future are:

- a) that the present three Executives may be merged into a single commission, with broader and more clearly defined powers;
- b) that the European Parliament may be elected by direct universal suffrage and necessarily consulted by the Council of Ministers on any important issue;
- c) that the Councils of Ministers may be merged and that the majority rule may be adjusted;
- d) that summit meetings may be held from time to time.

Europe must be built on the basis of human solidarity on a world-wide scale. This will contribute to its strength and universal prestige, concluded Mr. Grégoire. (Le Soir, 24-25 May 1964)

10. An article on Euratom's policy

The review "Esteri" has published an article on nuclear energy problems by Mr. Mario Pedini, a member of the European Parliament. It points out that nuclear energy has now become competitive as a source of electricity production and emphasizes that it is desirable both for Italy and other European countries to resolve their problems arising in this sphere at Community level, through the agency of Euratom.

Mr. Pedini went on to say that Euratom had also acted as a stimulus to nuclear research and had struck a balance in electro-nuclear research. The course embarked upon by the Community was therefore the correct one: "We should continue to follow this course and use our influence to discourage untimely changes of plan and partisan arguments advanced by those who attempt to cast doubt upon the Community character of the institution." Mr. Pedini recalled that in 1950, electricity accounted for 20 per cent of total energy requirements and would account for 40 per cent in 1980. "What field could be more appropriate for Euratom's activity than that of nuclear

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electricity?" It was, therefore, important to pursue the experiments being conducted at Ispra on the Orgel project, as well as on various other projects elsewhere, with a view to speeding up progress on the series of fast reactors that are to succeed the slow reactors, or on projects designed to uncover the secrets of energy produced by fusion processes.

"It is desirable, however, that Euratom should continue to act as a communication channel for the exchange of information, thus maintaining a balance between the various experiments being conducted separately by the Member States of the European Community. It is equally desirable that Euratom should continue to be the co-ordinating centre for joint research programmes with third countries, especially the United Kingdom and the United States.

While there is no doubt that nuclear energy will, in the next few years, be a major asset on the European energy market, the fact remains that Euratom will still need to work out an organic policy of its own that is increasingly comprehensive, embracing every facet of the energy market and exploiting electro-nuclear production to the full. The resulting problems will be far from few in number!

The nuclear factor is now part of the European scene: is it to be enclosed in an open or a protected market?

There are possibilities open in both directions: if the line taken is in favour of complete liberalization, then Europe must, of necessity, become the main location area for American-built nuclear power stations and technical progress will make her even more dependent on the outside. If, on the other hand, protectionist policy in respect of energy extends to the nuclear sphere, then Europe will be able to build for itself a chain of reactors, but at a higher price than on the free market; this cost might be written off to prestige - for the now fashionable (especially in France) Continental nationalism.

There is probably a middle course that can be steered between these two for a reasoned approach that gives the European nuclear market a balanced shape, capable of acting in concert with the American market in the interests of the whole industrialized world.

Yet even on this assumption, European nuclear industry must have characteristics of its own, from a technical point of view as well.

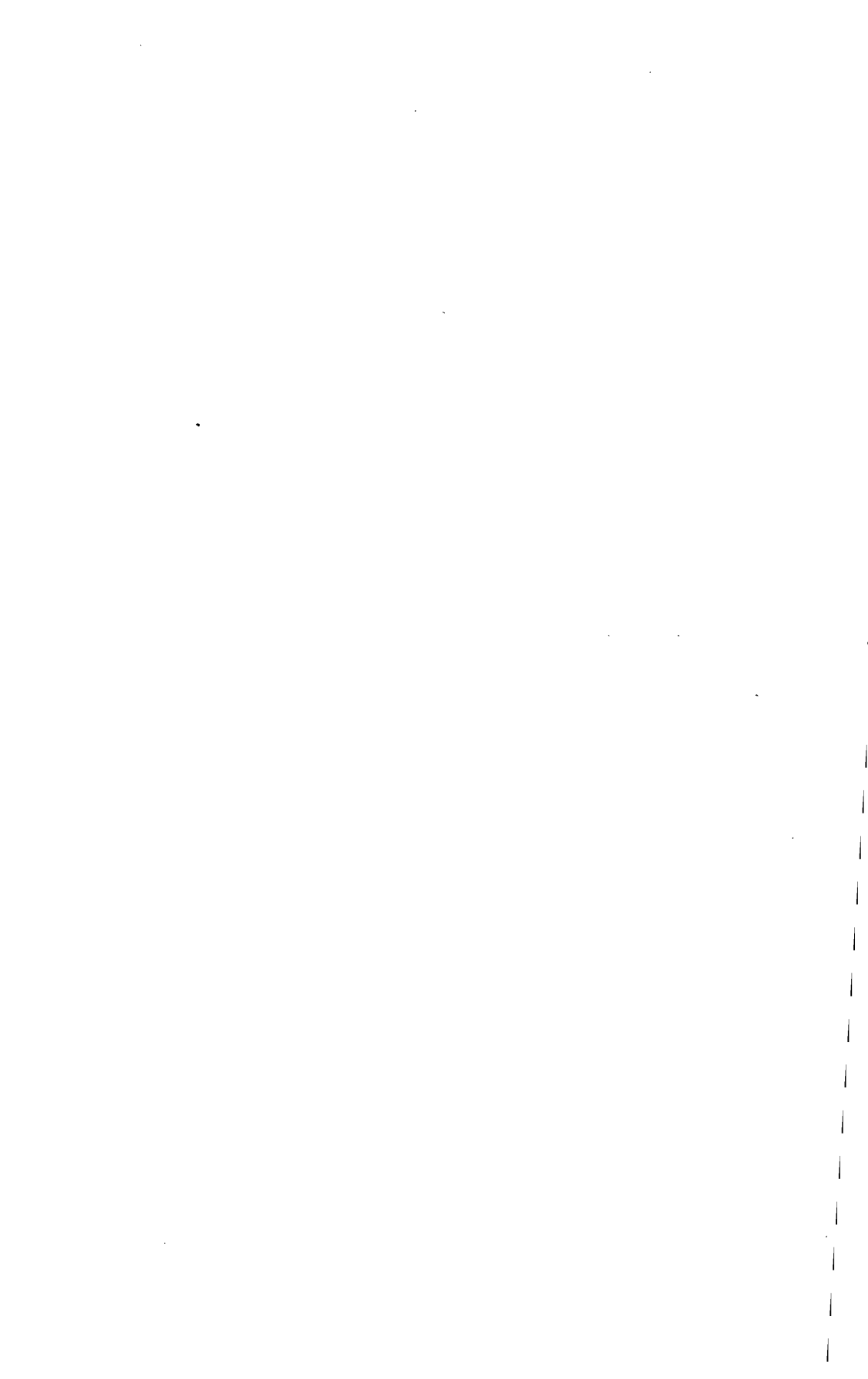
If, in fact, the time had come to decide the shape of the European market in the nuclear field, it followed that its legal system must also be worked out, its economic institutions

decided upon and the conditions agreed for co-ordinating Community economic programmes and nuclear investment; various arrangements will have to be made for assuring collaboration between public authorities and private enterprises, and procedures will have to be established for promoting the merger of international concerns with a view to setting up bodies commensurate in scale with the size of the investments made.

Who will be responsible for giving such directions? It is hard to accept that these are matters which can be left to individual nations: in the nuclear field, development on a Community scale is based on every new market structure and every instance of technical progress.

Here also there are two alternatives: the shape of the European nuclear market will either be defined to fit in with the American market, (although this would not actually be in the American interest) or in terms of the self-sufficiency of the Member State that, among the six partners of "Little Europe", has made the greatest headway in nuclear research, incurring deficits that would scandalize many Italians, as an investment in a new industrial potential that will, on the other hand, become a source of wealth. Yet even this solution is hardly advisable, being no better than the nuclear "reflex" to a dangerous political isolation.

Mr. Pedini concluded by saying that Euratom had reached a critical stage in its development and everything would appear to confirm the cautious hope that its powers may be amplified; only thus could conflicting policies be reconciled and every factor in the nuclear sphere be turned to the best advantage. (Esteri, No. 9, 15-31 May 1964)



II. ASSOCIATION WITH OR MEMBERSHIP OF THE COMMUNITIES

Chronological summary

: Congo

11-12 May Visit to Rome by Mr. Cyrille Adoula, Congolese Prime Minister. Signing of an economic co-operation agreement concerning the air force.

Association with or membership of the communities

1. Greek economic policy and association with the EEC

Mr. Pesmazoglu, Vice-Governor of the Central Bank of Greece and previously head of the Greek delegation during the negotiations on the association of Greece with the Common Market, recently visited Brussels in order to define with members of the Common Market Commission the procedures and terms of the harmonization of Greek and "European" agricultural policies.

Mr. Pesmazoglu had talks with Mr. Mansholt and Mr. Rey, as well as with Mr. Fayat, the president in office of the Council of the Six, and held a press conference on 13 May when he dealt with the broad outline of his Government's economic policy. This bears on four priority objectives:

- a) a reorganization effort in respect of economic planning methods in the context of a free enterprise economy;
- b) the modernization and extension of national education with particular reference to technical training;
- c) the pursuit of a sound monetary policy aiming at stability. In this connexion Mr. Pesmazoglu observed that the monetary situation of this country appeared to be satisfactory as the traditional trend of bank deposits had been kept up in spite of recent political turmoil while foreign capital continued to flow in. The increase in prices was negligible. This situation made it possible for the monetary authorities to support efforts towards economic development;
- d) the promotion of international co-operation in regard to business, investment, etc. A large industrial project (refineries, petrochemical plants, iron and steel works, etc.) is about to be executed with American financial support. Mr. Pesmazoglu recalled that exploratory talks initiated with the ECSC had not been brought to a successful conclusion but this did not prevent him from hoping that the agreements with the EEC will some day be supplemented by agreements with the other Communities.

Mr. Pesmazoglu repeatedly stated that Greek economic development as a whole was designed with a view to European integration and he did not exclude the possibility of his country joining the Common Market without going through the transitional stages. "This will depend, of course, on the results of our own efforts. The Greek people is aware of this responsibility, but it also believes in the existence of a community responsibility."

In conclusion, the Vice-Governor of the Central Bank of Greece reiterated his Government's disappointment at the preliminary results obtained in connexion with trade, following the signing of the Treaty of Association with the EEC. While Greek imports of "European" products had increased, Greek exports to the Six did not reach the anticipated level. (Le Soir, 14 May 1964)

2. Economic co-operation between Italy and the Congo

Mr. Cyrille Adoula, the Congolese Prime Minister, made an official visit to Italy on 11 and 12 May. The press communiqué issued at the close of the visit reads as follows:

"During the course of the visit an economic co-operation agreement was signed between the two countries, as well as an agreement to carry out a joint air force programme; this takes the earlier agreement of last October between the governments of Léopoldville and Rome a stage further. Particular interest was shown in the harnessing of the Congo's hydro-electric potential for industrializing the country. In this respect, collaboration between Italy and the Congo had found its first practical application in the contract placed by the Léopoldville Government with a major Italian concern, for making the relevant surveys. Representatives of both governments further expressed their satisfaction at the profitable collaboration that is now carried on in the hydro-carbon field and in the execution of a scheme to supply agricultural equipment." (La Stampa, 13 May 1964)

III. EXTERNAL RELATIONS

Chronological summary

4 May Opening of the Kennedy Round in Geneva.

Algeria

13 May Start of preliminary talks on future economic relations between the EEC and Algeria (Brussels).

Israel

8 May Conclusion of trade agreement between the EEC and Israel.

Lebanon

13 May Start of negotiations on a trade agreement between the EEC and Lebanon (Brussels).

External relations

1. Italian memorandum on the Community's relations with third countries

The Italian Government has handed to the General Secretariat of the Council of Ministers of the Community a document in which it defines its position on the general principles that should govern the Community's policy in regard to its relations with third countries.

We append hereunder the section of the memorandum relating to association:

"With regard to 'association', the Treaty, as we have seen, does not impose any geographical limitation and refers in general terms to its possible meaning, i.e. "Mutual rights and obligations, common action, special procedures".

"The EEC Council is therefore compelled to define more accurately this notion, in the light of experience gained over past years, and to state precisely the guiding principles of a Community policy on association and trade agreements, while allowing full latitude for a definition of the individual content of each agreement, on the basis of the special requirements of each of the third countries or union of countries with which it is intended to establish special relations.

"For this purpose and with particular regard to the geographical range, account should be taken of the following indications which should make it possible to specify its extent.

"Concerning European countries, the Treaty explicitly provides for their membership, in order to promote full European integration.

"For these countries, association should therefore only be considered as a temporary stage, that is as a preliminary step towards the initial objective, i.e. full membership. It is in fact conceivable that the economic structure of the State concerned might not be sufficiently advanced to enable it to subscribe to all the obligations attaching to membership, and that it would therefore be advisable to resort provisionally to association as a means of enabling the said State to reach the same economic level as its partners. However, owing to the fact that this would concern an association with a view to, and conditional upon membership, it is important that the State in question should meet the necessary political requirements for membership, both at home and abroad. Should this not

be so, then the only alternative would be to confirm oneself to a trade agreement.

"At the same time, it should be stressed that a link of permanent association with European States would in any case be disadvantageous for the Community. The associated State, while being economically developed and on an equal footing with other European Member States, would enjoy the favourable conditions created by the Common Market without assuming the corresponding charges and escaping the general process of economic integration.

"The guiding principles set forth above have already been applied in the case of the association of Greece and Turkey and should also be followed with regard to association applications made by other European countries."

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Dr. Bock, Austrian Minister of Trade, issued the following official statement on the Italian document:

"According to the information available, the Italian comments include two points of interest to Austria. First, an official definition of an association under the terms of Article 238 of the EEC Treaty is requested. In view of its attitude to date, it may be questioned whether the Commission or the Council of Ministers of the EEC will be prepared to comply with this Italian wish in view of the fact that when the EEC Treaty was framed, such a definition was clearly dispensed with. The intention of the framers of the Rome Treaty was obviously to give the EEC a freer hand in dealing with its future relations with third States. This is why the Treaty does not provide for a rigid form of association.

"Secondly, the view is expressed that an association can be regarded only as a preliminary step towards full membership. Should the EEC share this view, it must be clearly understood in Brussels that, in addition to full membership and association, other types of economic relations between the EEC and third States would then become necessary. In Austria we have been discussing the possibility of an arrangement with the EEC for years. It has now become plainer than ever that this was no play on words on our part but a clear indication that economic relations between Austria and the EEC must be governed by a special Treaty involving neither immediate nor subsequent full membership of the EEC. This is why, during the exploratory talks in Brussels, we presented the text of such a Treaty, and why there is not the slightest reason to depart from this programme.

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Moreover, it is not our impression that objections will be raised from the Italian side to the essential regulation of our economic relations with the EEC. I must, however, add that, because of the obligations under GATT, a simple trade agreement would in no way serve the purpose. Austria will therefore continue its efforts to reach an arrangement." (Italian Memorandum and "Wiener Zeitung", 13 May 1964)

2. Minister Haekkerup concerned about the gulf between EEC and EFTA

Addressing the Dutch section of the European Movement at The Hague on 15 May 1964 (in the course of his journey through Europe) Mr. Per Haekkerup, Danish Foreign Minister, expressed grave concern at the growing gap between the six EEC countries and the seven EFTA countries.

"The Six represent only part of Europe," said Mr. Haekkerup, "and we are deeply convinced that all the West European countries must unite, if they want to survive. Indeed, as the economic gulf widens, prospects of a close military and political alliance are dwindling."

After the humiliating failure of the negotiations between the EEC and the United Kingdom in 1963, the EFTA countries have, from sheer necessity, decided to carry on and turn EFTA into a practical reality. On the other hand, however, they agreed to avoid, as far as possible, taking any decisions that could widen the gulf between EEC and EFTA. As an illustration of this point, Mr. Haekkerup mentioned EFTA's offer to the EEC for the joint application of identical standards for industrial standardization; EFTA is still waiting for the EEC's answer.

Speaking of Denmark's specific difficulties, Mr. Haekkerup pointed out that Denmark, a country mainly dependent upon agriculture, exports more than 70 per cent of her total export figure to Europe. Over half of these exports go to EFTA countries, the balance being imported by EEC countries. Denmark now feels as a man riding two horses, with one leg on each, while the animals are going in different directions.

Mr. Haekkerup suggested that the EEC should enable other countries to continue their exports to the EEC countries. The Community's aim at agricultural self-sufficiency resulted from a misinterpretation of the Mansholt Plan for agriculture that could have untoward consequences. Thus a year after setting up the egg and poultry market, Denmark's exports of these products

had fallen by a third, while her egg exports to the EEC had stopped altogether. In a year's time the same thing would probably happen to slaughtered poultry. This would not greatly encourage Danish enthusiasm for a united Europe. (Nieuwe Rotterdamse Courant, 16 May 1964)

3. The Lebanese Government and Europe

Referring to the current negotiations between Lebanon and the EEC, Mr. Fouad Ammoun, the Lebanese Minister for Foreign Affairs, made the following statement in an interview to the daily "Le Soir":

"Our trade relations with the European Community show a growing and very large deficit of our trade balance. At present, our exports to the Six barely cover 2.5 per cent of our purchase from these countries.

The trade policy of our country is one of full freedom. This has greatly contributed to the development of transit trade. On the other hand, it has increased the imbalance of our direct trade, in particular with Western Europe. We do not wish to remedy this situation by imposing restrictions on the movements of goods and capital. We wish to preserve our liberalism. What are we to do?

It should be pointed out here that services and trade account for 70 per cent of our income. This large proportion is due to our geographical position and to a long-standing tradition. However profitable it may be, it does imply nevertheless some dependence on external factors. To achieve a more balanced structure of our economy we had to encourage the expansion of productive sectors, i.e. agriculture, industry and tourism. This is precisely what we have done in adopting and recently in implementing our Development Plan.

This is no way an authoritarian plan. In essence, it means that government experts consider the prospects of various development projects. They are thus enabled to ensure the productiveness of projects that have been adopted, while private capital can then finance these in all safety.

Lebanon provides investors with the most reliable guarantees as to the maintenance of a free enterprise system. It also offers various other advantages such as freedom to transfer capital and fiscal exemptions in certain cases. Finally, it affords considerable banking facilities since there are more than 90 banks in our country.

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Our "polarization plan", as it is called, also provides for social and economic development in the smallest localities of the country. But we only call on private capital for profitable investments of some importance. Projects of lesser importance are financed through the Plan's own resources.

We do not expect any financial commitment on the part of the Six. We merely hope that, in our mutual interest, they will encourage more active co-operation between European and Lebanese firms.

We also hope that they will afford us some measure of technical assistance. Our requirements in this respect are not quantitative but rather qualitative. We ourselves train large numbers of development experts and have reached a point where we can be of assistance to some African countries. However, we need highly qualified experts to conduct economic investigations or study a number of particularly complex projects.

It should be noted that the Six have already accepted - for the first time - the principle of co-ordinating their technical assistance policies for the benefit of Lebanon. I should add that the participation of European experts in drawing up development projects will strengthen the confidence of European investors.

Lebanon would also like its buyers of industrial plant and equipment to enjoy credit facilities in the six EEC countries and in particular credit insurance as practised in each of these countries. Greater co-ordination of these different systems at the European level would, as a matter of fact, be of definite interest to both partners.

In the first place, the assistance we require is specifically aimed at the development of our country. It should therefore lead to an increase in our purchasing power (which, incidentally, is already higher than in any other country of the Middle East per capita) and consequently to an increase in our trading potentialities.

I must emphasize that the Lebanese market is not the only one concerned in this matter. As a result of our geographical position, of our liberal policy and also of the increased tendency of Arab countries to join into a free-trade area, we represent, from a commercial point of view, the pivoting point of the whole Arab world and of the whole of the Middle East.

On the other hand, we do not propose to enter into negotiations with the Common Market with a view to obtaining preferential treatment for our exports. What we do ask for is the most-favoured-nation treatment, mutually granted. This treatment we only enjoy so far from France and Italy, since we are not members of GATT.

We regard this measure as a guarantee for the future. It will undoubtedly lead to larger exports, which we cannot expect from our Development Plan. But it will also give EEC products wider access to the Lebanese market and this would be our contribution to the EEC in exchange for the support we expect from it." (Le Soir, 17-18 May 1964)

4. The developing countries and the World Trade Conference

When, on 8 April 1964, the general ministerial debate in Geneva wound up, 57 representatives of the developing countries in the World Trade Conference had spoken on one or more items of the agenda. The Conference had been organized by the United Nations and in fact reflected the composition of its 113 member countries: 50 developing countries, 11 countries of the Eastern Bloc and 52 Western countries.

Its object was the ever-widening gap between the developing countries and the industrialized nations and a recurring point in the speeches by representatives of the developing countries was the necessity of establishing a new economic organization. This should not be based on the principle of reciprocity in relations between industrialized and developing countries, and only the latter should enjoy the most-favoured-nation privilege.

The French-speaking countries of Africa advocated planned world trade, having obviously been impressed by the French planning system. This, they felt, would provide better openings for their products as well as better prospects of securing credits for goods readily disposed of. The Russians were described as good trading partners as they had only to press a button to get things moving; they were not faced with the adjustment problems of Western markets.

These and similar arguments were enthusiastically taken up by the Russians to expound on the excellent results of their own industrialization policy. Indeed, Russia did not miss a single opportunity to let any country - if prepared to do so - have a dig at the West. This game was all the easier to play as the interests, for instance, of Canada, New Zealand and Australia were similar to those of the developing countries.

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The conclusion reached on the main issues were as follows:

Basic products

The non-European countries pressed for the immediate, or at least gradual, removal of trade restrictions. Except for Irak, all the developing countries declared that this was not good enough: they demanded, in addition the stabilization of basic product prices at a reasonable level, i.e. at a profitable level, as well as agreements to that effect. The French-speaking African countries were in favour of a stabilization system based on levies raised in the industrialized countries that would be transferred to the developing countries.

Pakistan and Spain supported this proposal. Denmark, Norway and New Zealand were prepared to enter into negotiations for agreements on basic products, but advised the Conference against excessive claims. Japan was only prepared to conclude agreements on tropical products.

Industrial products

The developing countries called for unrestricted import facilities in respect of semi-finished and finished products shipped to the industrialized countries, without the latter demanding any counterparts. In this connexion, Pakistan criticized the agreement on cotton which it had refused to renew in 1962. Some countries were for a simple preferential system in the industrial countries, others wanted selective preference. This again was criticized by those who felt that preference should not have a discriminating character. In the end, most of the countries pronounced in favour of a preferential system adjusted to the stage of development of the exporting and the importing countries concerned.

Financial problems

The proposal by Mr. Prebisch, Argentine Minister, to meet the deterioration in the exchange rate ratios by means of a financing system, was readily endorsed by the developing countries. Some looked upon it as a means of financing their infrastructure schemes; others wanted, in addition to the drawing rights granted by the IMF, a financial compensation for short-term fluctuations, similar to that proposed by the Development Insurance Fund within the framework of the United Nations.

The developing countries insisted strongly on larger credit allowances at low interest rate. The Soviet proposal to limit this rate to 3 per cent for commercial projects,

should be considered against the fact that while Soviet loans are available at cheap rates, debtors are not free to use them as they wish. The developing countries criticized therefore the principle of binding loans to the achievement of special objectives.

A number of developing countries expressed gratitude for private investments made: they would like to encourage this type of investment by an international mutual guarantee system. Several countries deplored the deterioration in their balance-of-payment position, resulting from that in the balance of invisible trade, and were now thinking of having their own merchant navies. The European countries confined themselves to announcing that an increase in multilateral aid was being considered.

The economic blocs

The developing countries welcomed the principle of close co-operation within a group of countries, which they regarded as a means of solving their problems. However, they criticized the EEC rather heavily, as this form of co-operation had been regarded as subject to the requirement that it would not hamper access to the markets.

GATT also criticized

In the opinion of the developing countries GATT's scope was too limited, as a result of which insufficient attention was being paid to the developing countries.

Some of these countries wanted a re-organization of GATT, others stated that periodical conferences with permanent representatives would not be enough. Denmark, Greece, New Zealand and Turkey stood up for GATT while Norway requested that it should be adjusted to the changed situation. A number of industrialized and developing countries agreed that the World Trade Conference should meet periodically. These meetings should be organized by a permanent committee and an independent UN secretariat. (Het Financiële Dagblad, 14 May 1964)

5. France's assistance to developing countries

On 27 May Senator Marcel Pellenc laid before the Finance Committee of the Senate a report on the assistance provided by France to developing countries. He first mentioned the amount of this assistance and compared it with that of other countries.

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He then emphasized the fact that the effort made by France is definitely greater than that of her partners, i.e. 3 per cent of the national income as against 1 per cent for the United States and for Germany. France's assistance is also more disinterested, since nine tenths of French aid is made up of grants, as compared with 50 per cent for Germany and 45 per cent for the United States. He then concluded as follows:

"It is quite obvious that the assistance provided by France, because of its volume in absolute terms and even more in comparative terms, represents for France a heavy handicap in the Common Market, particularly with regard to its most formidable partner - Federal Germany. In 1962 we deprived ourselves of 7000 m. Francs, that is to say twice as much as our neighbours granted to the "third world". The Germans were able to use the difference in order to increase their productive investments and establish the predominant position we have allowed them to assume." (Le Monde, 28 May 1964)

IV. ECONOMIC POLICY AND INDIVIDUAL SECTORS

Chronological summary

- 24 April Fifteenth Plenary Assembly in Athens of the Standing Conference of EEC Chambers of Commerce and Industry. Adoption of several resolutions.
- 24 May Colloquy on regional planning in Europe, organized by the International Centre for European Development.

1. The Fifteenth Plenary Assembly of the Standing Conference of EEC Chambers of Commerce and Industry

The Fifteenth Plenary Assembly of the Standing Conference of Chambers of Commerce and Industry of the European Economic Community held a meeting in Athens on 24 April.

Several resolutions were adopted. These relate to the following questions:

1) Economic development of Greece.

- a) In view of the fact that Greece occupies a peripheral and unfavourable position in Europe, it is important that legal as well as financial or fiscal provisions be made, in close liaison with the Greek Government and the EEC Commission, for promoting private enterprise and encouraging, by means of large investments, the setting up of undertakings in areas where underemployed labour is particularly large.
- b) It would be desirable, in order to make up for the obstacles met by Greek economy as a result of the economic and geographical structure of the country, to make special provisions in favour of products from or for Greece, for a transitional period at least.
- c) Considering that half the population of Greece is underemployed and engaged in agricultural activities, the proposed speeding up of the rate of economic development must bear mainly on the secondary sector, i.e. the setting up of new industries, preferably in certain industrial areas that fulfil the necessary human and economic requirements and are capable of absorbing locally any excess labour.
- d) Greece is entitled, when carrying into effect the common agricultural policy, to the full enforcement of Article 33 of the Association Agreement whereby "the Community effectively takes into account the particular conditions, possibilities and interests of Greek agriculture". The favourable regulations provided for in particular by the protocols with regard to certain basic Greek agricultural products that do not compete with similar Community products, must be applied as largely as possible.

It is essential that Greece should benefit from the decision of 11 March 1963 of the Council of Ministers establishing general principles for implementing a common professional training policy.

2) World Conference on Trade and Development.

The wish was expressed:

- a) that organizations which are already in the service of world trade and which have proved their usefulness would be adapted with a view to effectively contributing to the solution of economic development problems;
- b) that industrialized countries should take into consideration the wish of developing countries regarding the removal of obstacles - in the form of customs duties, indirect taxation and quantitative restrictions - to the importations of raw materials and tropical products, and that they should guarantee that the opening of their frontiers will not be rendered ineffective by administrative protection measures;
- c) that agreements on a world scale, examined on their individual merits, should contribute to stabilizing raw material prices at a sufficiently remunerative level by avoiding any overproduction, in order to protect the people of the countries where these raw materials are the main source of income from sudden and unforeseeable income fluctuations;
- d) that the most-favoured-nation clause should remain the guiding principle of international trade, but that it should be made more flexible whenever reliefs would be called for in order to enable industrialized nations to open more widely their markets - by provisional or degressive provisions - to finished or semi-finished products from the developing countries;
- e) that, by their economic and financial policy, the governments of the developing countries should endeavour to create favourable conditions for private capital investments, since the amount of public capital that could be made available to them would be insufficient to meet the growing needs of their economies;
- f) that, as the domestic markets of the developing countries are in general much too small for their own production, it would be advisable for these countries to arrange industrial production on a basis of labour division; the possibilities of regional co-operation should be explored

with this end in view. In particular, developing countries could provisionally introduce preferences among themselves.

In conclusion, the Standing Conference is of the opinion that a common effort on the part of industrialized nations and developing countries is necessary in order to achieve the aims of the World Conference on Trade and Development.

- 3) Harmonization of excise duties or consumer taxes in EEC countries.

The Conference expressed the wish:

- a) that the principle of unifying excise duties be confirmed;
 - b) that the various problems arising from the application of this principle be dealt with in accordance with the nature of the particular duties involved and their object;
 - c) that duties on tropical products that are not in direct or indirect competition with EEC agricultural products be progressively waived.
- 4) Harmonization of the credit insurance policies of the States for exports to EEC countries.

The Conference hoped:

- a) that Community organizations, in their effort to harmonize the financial and monetary policies of the six Member Countries, would give special attention to problems relating to export credits;
- b) that any exchange restriction in regard to short-term, medium-term and long-term financial credits, may be removed in order to give exporters in the various Member Countries full freedom to seek the best financing scheme in the EEC;
- c) that fees deriving from credit insurance policy issued in one of the Member Countries may be freely transferable to any bank in any other Community country;
- d) that indemnities due as a result of losses covered by insurance policies issued in one of the six Member Countries may be freely transferable to any bank in the Community;

- e) that the EEC would consider setting up a re-financing establishment whose capital could be subscribed by the governments as well as by the banks of the six Member Countries and whose resources could be increased by loans floated on capital markets with large financial assets at an optimum rate.
- 5) Co-ordination of company law in the Member Countries of the European Economic Community.

The Conference expressed the wish:

that the EEC Commission should ascertain whether it would be right to found its draft directive, as well as any further drafts that may be drawn up, on Article 54(3) of the Treaty and to adjust them later if it finds that these drafts go beyond the content of the article in question.

- 6) Empowering the European Commission to grant temporary authorizations to certain classes of undertakings that meet the conditions of Article 85(3) of the Treaty.

The Conference expressed the wish:

that the Commission would make the widest possible use, as soon as possible, of the powers it will be granted under the regulation in question and that, particularly for sole distribution contracts that will be exempted, it will provide a wider definition, more suited to actual conditions. (Documents of the Standing Conference of Chambers of Commerce and Industry, 24 April 1964)

2. The future of coal

"We must, happen what may, maintain on our own soil an energy output that will enable us to meet, if need be, the vital needs of our respective countries," declared Mr. Jean Benedetti, Chairman of the French collieries (Charbonnages de France) on opening in Paris the European Coal Conference arranged by the Study Committee of Coal Producers in Western Europe (C.E.P.C.E.O.)

Various speakers replied in turn to the basic question - what is the future of coal? "If we consider trends in the world,"

stated Mr. Pierre Delville, President of C.E.P.C.E.O., "we find that the coal industry is constantly progressing and that consumption as well as production of solid fuels increases from year to year. Such progress is essential since, in view of the total volume of energy requirements and their rate of expansion resulting both from the demographic factor and the industrialization of developing countries, it is obvious that other sources are not and will not be in a position, in the foreseeable future, to meet the overall increase in demand. All energy sources, conventional and new, seem to supplement each other. There is no coal problem on a world scale. In the long run there will be no surpluses in energy supply and all energy sources in the world will have to be jointly developed to meet demand." (Le Figaro, 27 May 1964)

3. The French Government in favour of a concerted investment policy in the Common Market

"A concerted European investment policy is necessary in order to prevent the Common Market from developing into a judicial combat between large extra-European world groups in fierce competition with one another", declared Mr. Michel Maurice-Bokanowski, the French Minister of Industry, at the opening on 25 May of the biennial fair of mechanical, electrical and machine-tool industries. Referring to foreign investments, the Minister stated that the corollary of a protective commercial policy and customs union as practised among the Six was a concerted European investment policy. "Such a policy is not explicitly defined in the European Treaties and I regard this as just as serious a shortcoming as that relating to the energy policy."

The Minister went on to refer, without actually mentioning it, to the "Bull case", and expressed regret and misgivings as to the settlement now being negotiated: "in a number of recent cases, which we all recall, we find that various European concerns going through an expansion crisis tend to rely on American groups - in general competitors of other European concerns - rather than on similar concerns in the Community.

One often finds that French or European firms controlled by foreign groups tend to transfer their design research offices to the parent companies and only leave minor manufacturing duties to the branches. It is, however, desirable for the future of France and Europe that full opportunities be given to our inventors and designers." (Le Monde, 27 May 1964)

4. Interdependence of northern France and the Benelux

Mr. Fernand Colin, chairman of the Benelux Committee, has contributed the following article in "Le 20ème siècle fédéraliste", on the interdependence of northern France and the Benelux.

"For centuries the nationalist protectionism of the countries of Europe has created artificial barriers between areas that were predestined to form a coherent whole. It goes without saying that these barriers were a serious obstacle to the best possible development of these areas.

The concept of a natural area was rediscovered rather slowly after the setting up of the European Economic Community.

All the North Sea territory has features that make for a similar type of development. All along the sea, where traffic is the heaviest in the world, a number of ports have sprung up - Le Havre, Dunkirk, Antwerp, Rotterdam and Amsterdam. These developed into centres around which the economic and social life of northern France and the Benelux became crystallized.

In the Netherlands, as well as in Belgium and in northern France, economic development was therefore conditioned by the expansion of the basic structure of the lines of communication. This was designed to provide the hinterland with good connexions with the port area. Initial efforts were devoted to the waterways, but road and rail connexions were also clearly part of this policy. As a first result of this development, industrial and trading activities largely bearing on exports were started in these areas, raw materials being in most cases imported from overseas. This applies, for example, to

- a) the textile industry, which had been in existence for a long time and imported overseas cotton and wool through the ports;
- b) the metallurgical industries established at IJmuiden, Dunkirk and Ghent, which are ideally situated for the export trade.

A further result is the exchange of labour between these three areas; this ensures a balanced distribution of local labour among the industrial centres. Labour for northern France and the Netherlands is mainly provided by the densely populated Belgian areas, i.e. western Flanders and Limburg.

Economic Policy and Individual Sectors

Two political frontiers cross this area right through, in spite of the fact that its parts have so many common features and are actually integral with one another. These borders divide the area into three parts - the Netherlands, Belgium and northern France.

The consequences are clearly apparent. A mere glance at the map of the waterways shows that in the three countries the basic structure is centred on the national ports and that mutual communications are more or less neglected.

The same difficulties occur in respect of employment policy, particularly where industries are artificially created in a national area with surplus labour when it would have been simpler and cheaper to establish good connexions with neighbouring industrial centres, but unfortunately beyond the border, were it not for the disparities between social and labour legislation and for the inadequacy of public transport, etc. Otherwise, it is a well-known fact that borders are obstacles to economic, cultural and tourist relations.

The frontier between the Netherlands and Belgium has already derived benefit from the integration of the Benelux, and the obstacle it used to be to the natural fusion of this area has gradually decreased.

On the other hand, and despite the removal of customs barriers by the EEC, the Franco-Belgian border is still a real physical and psychological obstacle.

To use again the striking illustration provided by navigable waterways, we find that Dunkirk's connexion with the hinterland of northern France is extending more and more; according to the forecasts of the Fifth Plan, it will become by 1965 a modern waterway for large vessels, from Valenciennes to Dunkirk. But connexions with Belgium are still hampered by a sort of lock formed, as it were, by the Upper Escaut, Valenciennes and the Belgian border.

As further progress is being made by the EEC, more possibilities of restoring the natural unity of northern France and the Benelux are appearing. These could turn the whole area into one of the most prosperous and coherent in the Common Market.

The prerequisite for this objective is that the various groups of interests in that area, and above all the ports, should

accept fair competition and should not cling to artificial protectionism resulting from a form of outdated nationalism. In the second place, smooth co-operation is necessary in order that the port area of the North Sea may be jointly enlarged and turned into a sensibly constructed system.

It is, of course, gratifying to find that a new spirit of co-operation, transcending frontiers, has now emerged. One of the most important achievements in this connexion was the setting up, in April 1960, of the C.L.E.R. (Comité de liaison économique régional), which includes western Flanders, Hainault, and two French 'départements', viz: Pas-de-Calais and Nord. The aim of this committee is to co-ordinate regional development efforts with a view to achieving full employment and making the best possible use of manpower available in the whole of that area. Typical problems have to be dealt with there. Western Flanders has about 35,000 borderers, i.e. 9 per cent of the active population or 17 per cent of the workers. These mainly live south of the province that runs along the great Lille/Roubaix/Tourcoing industrial centre and the region of Armentières. To the above figure must be added about 4,600 seasonal workers who go to France every year for the harvest period. There has always been very close union between that province and the neighbouring French district. In 1833, one sixth of the inhabitants of the 'Nord' department (approx. 300,000 people) were Belgians; Roubaix had more Belgians than Frenchmen, while Lille had one Belgian for every three French inhabitants.

The basic structure of communication lines in that border area still leaves much to be desired, especially in regard to waterway gauge differences, river pollution (e.g. the Lys and the Espierre) and inadequate inter-regional connexions. Plans for improving the latter (in particular, the Lille/Antwerp motorway) were only recently drawn up. These conditions also apply to the Hainault border. Suffice it to mention that international railway lines have not yet been electrified, whereas inland lines are generally electrified, and the unsatisfactory connexions, already referred to, between Belgian and French navigable waterways.

Belgian Lorraine and French Lorraine are yet another border district where a spirit of co-operation has emerged. These areas are interdependent since French industries can provide employment to the Belgian workers, while Belgium can provide the necessary water to French industries.

It is in fact expected that Arlon (Belgium) and Longwy (France) will eventually form a single urban district.

The people of the Benelux and northern France have already realized that they form a unit transcending frontiers. It is now for the governments to act accordingly, in a European spirit, and to afford this area effective opportunities in the Europe of to-morrow." (Le 20ème siècle fédéraliste, 2 May 1964)

5. A colloquy on European regional planning

The 'Centre international de formation européenne' (International Centre for European Development), in co-operation with the 'Conseil des Communes d'Europe' (Council of European townships), held a meeting on 24 May, at Royaumont, on European regional and economic planning. The meeting was attended by about thirty persons comprising academics, townplanners, representatives of local authorities and concerns, and trade-unionists from Britain and the Six.

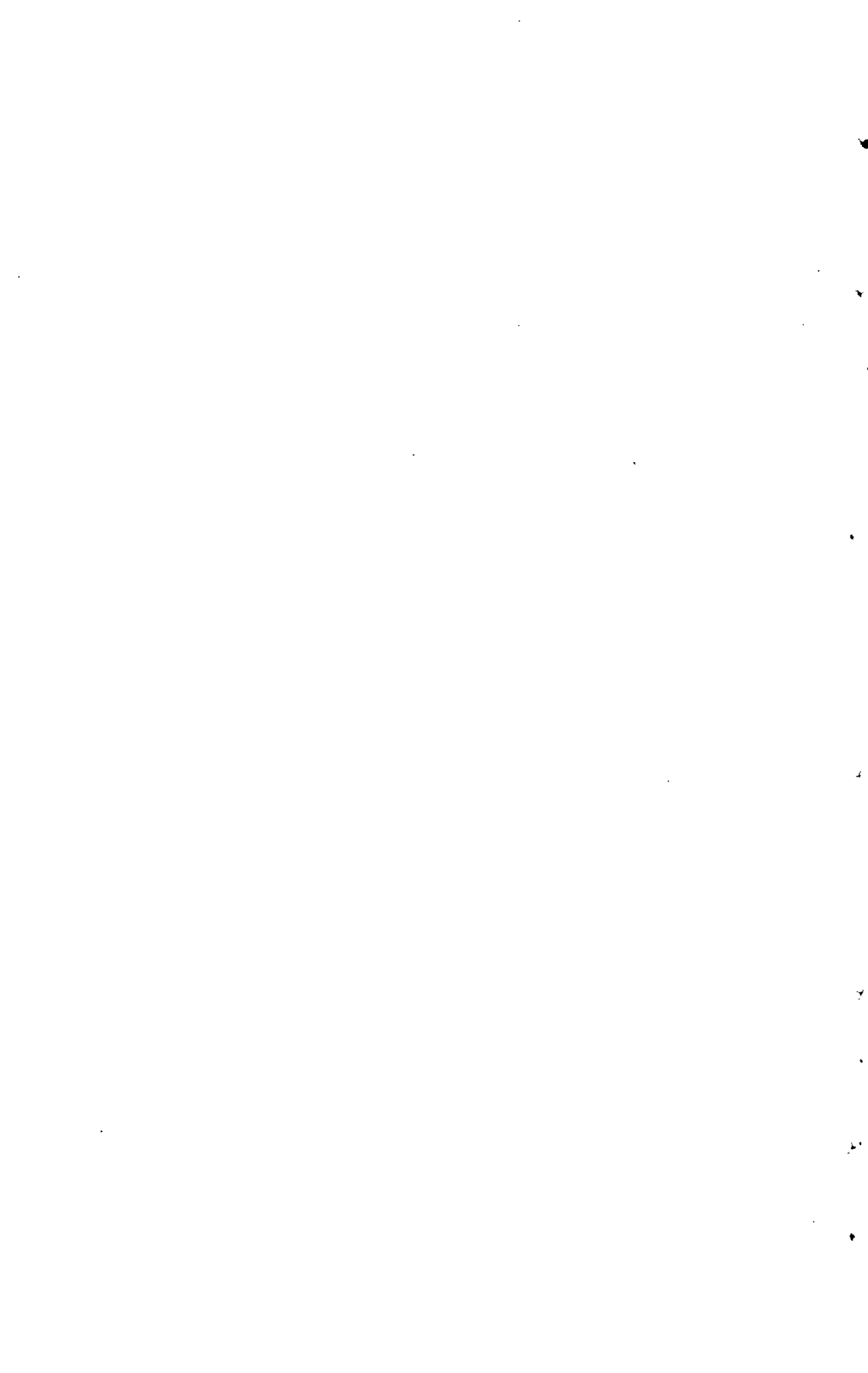
Mr. Robert Mossé, who introduced the main report, endeavoured to define the "general theory" of regional planning. He emphasized the human, political and social factors transcending the economic considerations of the proposed task: "all aspects of individual and collective existence must be taken into account i.e. opportunities for educational and cultural activities, entertainment and leisure, as well as political and other collective activities. Regional planning means seeking the best possible geographical location for various undertakings in order to promote social and economic development in the most suitable environment for individuals and groups."

In the Rapporteur's opinion several "operational levels" had to be considered: the townships must be revalorized and often regrouped; the regions must have elected assemblies and an executive presiding over them; the state must be deprived of its excessively privileged status; the European bodies must control arbitration.

Dr. Münch referred to German experience of regional planning. He was followed by Mr. Rossi, Deputy of the Aisne département, and a member of the European Parliament, who emphasized the need for a common regional policy in the six countries. He stressed the inadequacy of the instruments at the disposal of the EEC Commission for this purpose.

Several other speakers touched on the cultural and ethnic aspects of the problem, on the transitional rôle of the nation, on the need for a more balanced development of the French territory and for French regional authorities comparable with those of the German Länder.

In his concluding remarks, Mr. Alexandre Marc showed that the constitution of Europe provided the opportunity for a general structural rearrangement. (Le Monde, 26 May 1964)



P a r t I I

THE PARLIAMENTS

Chronological summary

I. EUROPEAN PARLIAMENT

- 11-14 May Session of the European Parliament in
Strasbourg.
- 11 May Parliamentary immunity of two members of
the European Parliament.
- Equal remuneration for male and female
workers.
- 11 and
13 May Trade agreement with Israel.
- 12 May Twelfth General Report on the Activities
of the ECSC.
- Strengthening the budgetary powers of the
European Parliament.
- Social aspects of the ECSC's decennial
report.
- 13 May Quality standards for fruit and vegetables.
- The European University.
- Application of Article 85(3) of the
EEC Treaty to groups of agreements,
decisions and concerted practices.
- 14 May Energy policy in the Community.
- Report to the Consultative Assembly of the
Council of Europe.
- Competition in the transport sector.

II. NATIONAL PARLIAMENTS

Germany

15 May

Federal Council

Comments on draft EEC regulation on the abolition of double taxation on motor vehicles used for cross-frontier transport.

France

5 May

The National Assembly ratifies a decree on the collection of levies and taxes, drawn up in accordance with EEC agricultural regulations.

21 May

Debate on the above subject in the Senate.

Italy

13 May

The Italian Chamber of Deputies enacts order-in-council No. 94 of 18 March 1964, provisionally amending customs regulations applicable to foundry pig iron.

Luxembourg

14 May

Ratification of Yaoundé Convention by the Luxembourg Chamber of Deputies.

20 May

Open meeting of the Budget Committee for Foreign Affairs of the Second Chamber of the States General to discuss the report by the Dutch Government on the implementation of the Treaties establishing the EEC and Euratom.

Netherlands

26 May

Discussion on the Foreign Affairs' budget in the First Chamber of the States General.

I. EUROPEAN PARLIAMENT

1. The May session of the European Parliament

Withdrawal of parliamentary immunity from two members of the European Parliament

The European Parliament heard on 11 May a report submitted by Mr. Weinkamm, on behalf of the Legal Committee, on the withdrawal of parliamentary immunity from two members of the European Parliament (1).

In September 1963 the Luxembourg Minister for Foreign Affairs submitted a request to the President of the Parliament for waiving the parliamentary immunity of Mr. Fohrmann and Mr. Krier. Legal action had in fact been taken against these two members of Parliament, alleged to be responsible, according to the plaintiff, for publishing in a Luxembourg paper an article containing abusive and slanderous charges.

The Legal Committee pointed out that the European Parliament only is empowered to decide whether the immunity of any of its members should be maintained or waived. The Committee is of the opinion that a members accused of slander in his country of origin must not enjoy the immunity of the European Parliament, even if the alleged facts have a political source. In such a case, it is for the national parliament to decide whether immunity should be waived or maintained.

The Committee's opinion was also based on practical considerations. Only a competent court could rule whether, for instance, a particular newspaper article contains abusive charges. However, the court's ruling could be of utmost importance for the persons concerned and possibly also for other persons. It could also, in certain cases, be necessary for political or economic reasons.

Under the circumstances, the Legal Committee strongly advised the European Parliament to comply with the request to waive the immunity of Mr. Fohrmann and Mr. Krier.

It drew attention, in this connexion, to the fact that this recommendation does not imply that the Committee has given a ruling on the matter or passed judgement on its merits.

(1) Doc. No. 27/1963-64

Adjournment of the discussion was requested by Mr. Dehousse (Belgian Socialist) on behalf of his Group. His request was based on the fact that application had been made to the Court of Justice of the Communities for an interpretation of the Treaties in connexion with the length of Parliament's sessions. In accordance with sound parliamentary traditions, the deliberations of a political assembly must be suspended for as long as may be necessary for the court to pass judgment. This is why the Socialist Group had introduced a formal motion of adjournment. Mr. Dehousse further requested that discussion on Mr. Weinkamm's report and voting on the resolution attached to the report should be adjourned until the Court of Justice of the Communities had given a ruling. In his view, the Legal Committee would then have to resume consideration of the problem, bearing in mind of course the interpretation given by the Court of Justice.

On behalf of the Christian Democrat Group, Mr. Poher (France) observed that the position of the Parliament would, on the contrary, have been strengthened if it had reached a decision before the Court of Justice. The Christian Democrat Group was therefore in favour of passing purely and simply the conclusions of the Legal Committee.

The adjournment motion was, nevertheless, carried by the Assembly.

Equal remuneration for male and female workers

An interim report (1) submitted by Mr. Berkhouwer (Netherlands) on behalf of the Social Committee advised the Parliament of the progress made as at 30 June 1963 in implementing Article 119 of the EEC Treaty relating to equal remuneration for male and female workers. In a resolution dated 30 December 1961, Member States had undertaken to reduce disparities in remuneration by stages so as to ensure that complete absence of discrimination was achieved by 31 December 1964. However, as pointed out in the Committee's report, the position as at 30 June 1963 - one of the stages in question - left a great deal to be desired. Although in certain cases the required level of approximation had been reached, there was still a tendency to evade the principle of equal pay for equal work and to relegate women to the lowest wage groups. The Committee hoped that in the short time that still remained to run before the end of 1964 all existing shortcomings would be remedied. Failing this, the EEC Commission could resort to legal action against defaulting Member States.

(1) Doc. No. 22/1964-65

During the debate, the report and annexed resolution were approved by the Socialist Group (represented by Frau Elsner, Germany), by the Christian Democrat Group (represented by Mr. Sabatini, Italy) and by Mr. Comte-Offenbach on behalf of the independent members. The speakers, who included Mr. Troclet (Belgium), chairman of the Socialist Committee, displayed little optimism regarding the likelihood of the principle of equal remuneration being applied within the scheduled time-limit. Frau Elsner addressed an urgent appeal to the EEC Commission to do all in its power to bring the matter to a successful conclusion by the due date. Mr. Sabatini suggested a political initiative at the national level, adding that the Governments should approach employers and workers with a view to bringing their responsibilities home to them. This suggestion should be taken up by the EEC Commission at the next meeting of the EEC Ministers of Labour. An assurance to this effect was given by Mr. Levi Sandri, member of the Commission, who explained that the Commission was also concerned about the situation and would insist on the Governments and trade unions fully observing the principle of equal remuneration "so that the last vestiges of the exploitation of female workers would disappear".

The resolution, which the Parliament adopted in the form submitted by the Committee, once again rejects any interpretation that restricted the field of application of Article 119 and of the resolution adopted on 30 December 1961 by the conference of Member States. The EEC Commission is called upon to exercise special vigilance in ensuring that any attempt to evade the application of the principle of equal remuneration is resisted and that the level of approximation scheduled for 30 June 1963 is attained. Finally, even in countries where this is not yet the case, women should be accorded a legal right to equal remuneration to which they could appeal before the courts. The Parliament insists that no effort should be spared to ensure that the principle of equal remuneration is applied throughout the entire Community by the end of December 1964.

Co-operation agreement with Israel

A report (1) and a supplementary report (2) on the trade agreement concluded by the EEC with the State of Israel were referred to the European Parliament on 13 May by Mr. Blaisse, on behalf of the External Trade Committee.

The External Trade Committee had approved on 21 April a preliminary report containing the following conclusions:

(1) Doc. No. 24/1964-65

(2) Doc. No. 31/1964-65

It was important that Israel should be afforded the possibility of increasing her orange exports which were relatively small, from a quantitative point of view, in comparison with those of other countries. On the other hand, the countries of North Africa had requested the opening of negotiations with a view to establishing trade relations with the Community. Apart from the need for an overall Community concept of Mediterranean policy, it was advisable to ensure that there was no discrimination against Israel, particularly with regard to orange exports. This meant that regulations would have to be drawn up regarding access to the Benelux and German markets.

Regarding what was described as "trade improvement", the European Parliament could but express disappointment at the lack of any decision on the matter. The agreement should in fact be the initial stage in arranging trade relations between the two partners and ensuring their expansion. The time had not yet come for establishing an association between the EEC and Israel. However, the conception which the Community must have of its fellowship with that country implied that it should not merely regard the agreement as a trade agreement whose clauses had been laid down once and for all but rather as a commercial and economic co-operation agreement with permanent possibilities of extending it. As for the Joint Committee provided for in the agreement, it should:

- a) meet at frequent intervals each year;
- b) be responsible for supervising the implementation of the provisions of the agreement;
- c) be formally empowered to suggest extensions to the field of application of the agreement;
- d) in the event of facilities being granted to other third countries, in particular for orange imports, take part in drafting decisions on the matter, in accordance with the spirit of the Association Convention with Greece, which should, in that case, give its prior approval.

However, events had gone beyond the report, as it were, the negotiators having agreed on a text as early as 27 April. A supplementary report had therefore been drafted. This states that there is no need at present to consider whether the content of the agreement was satisfactory. The only substantial tariff lowering that was agreed upon covered grape-fruit and avocado pears and no solution had as yet been found to a number of other problems of great importance to Israel. These concerned oranges, eggs and trade improvement. It had not yet been possible to state whether satisfactory solutions could be found to these problems.

If discussion on these problems were now to be resumed, this might give the false impression that results achieved so far had been rejected and that a reopening of negotiations was desired. This would be entirely out of question.

The Committee stressed the fact that the agreement should mark the beginning of progressively closer economic co-operation between the EEC and Israel, in the spirit of the Association Agreement concluded between the Community and Turkey which explicitly provided for progressive provisions. The present text of the agreement did not embody any such provisions. However, in the preamble to the text, the contracting parties state in particular that they are aware of the importance of a smooth development in their trade relations. In addition, they express the desire to lay the foundations of a progressive expansion of their trade relations.

In this connexion, the Committee felt that it must regard as an element of interpretation the identity of view that demonstrated the existence of a political resolve to consider the as yet unsubstantial content of the agreement as an initial phase only. This political resolve, while it was not explicitly referred to in the agreement, had obviously inspired it.

A number of provisions in the agreement implied special obligations on the part of certain Member States. The agreement contains, in addition, provisions binding on the Community as such. Although it could be inferred from this point of difference that the agreement should be approved by Member States on an individual basis, the Committee expressly recalled the wish of several of its members that the agreement should be concluded in accordance with Community procedure, as provided for under Article 3 of the Treaty establishing the EEC, that is to say that it should be signed by Community institutions only.

In the course of the debate, Mr. Poher (France), on behalf of the Christian Democrat Group, expressed satisfaction at the conclusion of the agreement. While Israel was not a European country, its people were nevertheless - in spite of the country's geographical location - part of our European spiritual Community, and although the agreement was modest in its aims, it would be extended by further agreements.

Moreover, the agreement had a political significance. At a time when the very existence of Israel was being threatened, when political leaders proclaimed their hostility to its people, it was necessary to give Israel a token of sympathy and to congratulate the Community for having signed this initial agreement.

On behalf of the Socialist Group, Mr. Kriedemann (Germany) also expressed gratification at the conclusion of the agreement. He felt, however, that the results achieved, both economically and politically, were quite inadequate. In particular, it was unthinkable that the Community should be influenced by the opposition of Israel's neighbours. It was therefore desirable that negotiations with that State be relentlessly pursued.

Mr. Terrenoire (France) welcomed the agreement on behalf of the unaffiliated members, mainly for political reasons as the Community had thus shown to what extent it was not inward-looking but rather outward-looking.

Following the intervention of Mr. von der Groeben, a member of the EEC Commission, Parliament passed a resolution in which it noted with satisfaction that negotiations between the European Economic Community and the State of Israel had led to an agreement. However, it recorded the fact that a number of vital problems for the Israeli economy had not yet been settled, with particular reference to trade improvement. Parliament felt that the agreement should be regarded as the initial phase of closer commercial and economic relations between the two partners. It welcomed the fact that the agreement had been concluded between the Council of the European Economic Community, as such, and the Government of the State of Israel, i.e. in strict accordance with Community procedure. It considered that it was essential to afford Israel - within the framework of the common agricultural policy of the European Economic Community - opportunities for a progressive improvement of her openings for agricultural products. Parliament also considered it essential that any agreements that may be concluded in the future with other orange-exporting third countries should not include, with regard to Community imports, any discriminatory provision vis-à-vis Israel. Finally, it hoped that the EEC/Israel Joint Committee that had been set up would be responsible not only for controlling the agreement's implementation but also for formulating proposals with a view to extending its field of application and suggesting effective ways of settling pending questions.

The Twelfth ECSC General Report submitted to the European Parliament

On 12 May, Mr. Dino Del Bo, President of the High Authority of the ECSC, submitted to the European Parliament the Twelfth General Report on the Activities of the Community. Discussing the proposed merger of the European Executives, Mr. Del Bo stated that the powers vested in the High Authority, that endowed it with genuinely supranational features, represented a factor for which there was no substitute; this factor should also obtain

in the future single Executive. The supranational powers entrusted to the High Authority, the speaker continued, were not only a sound basis for economic integration but also a starting point from which the plan for political integration could be initiated.

Far from interrupting the process by which the Six States that had signed the Treaties of Paris and Rome were becoming integrated, the proposed merger should rather provide it with an additional stimulus. For this process to be successfully completed, the merger had to be one that embraced the Communities as a whole. At the same time, the fundamental Community spirit of the Treaties must not be renounced; on the contrary, the aim should be to give the legal framework for the construction of Europe an ever greater Community emphasis.

Mr. Del Bo drew attention to the importance for Europe of raw material production. Such production was, indeed, essential to increasing the well-being and improving the living standards of the people in the Six States of the European continent. It is not without reason that "even political philosophies that, in contrast to our own, deny the right of ownership of the means of production - the speaker explained - and consider it necessary to abolish private enterprise, uphold the principle, in regard to the basic industries, of what is known as capital accumulation", that is, the need to keep such industries in production and ensure their constant qualitative and quantitative improvement.

Mr. Del Bo concluded by drawing attention to the success achieved in the agreement reached between the Six on 21 April 1964 on a protocol concerning a common energy policy. This protocol, in fact, provided that a common market for energy should be created within the general common market and established the guiding principles covering the timing to be followed in putting this common energy policy into effect. In this way the bases would be established whereby a rational solution could be found covering all the problems arising in this sector.

It was decided that the debate on the General Report should take place during the June session.

Strengthening the budgetary powers of the European Parliament

The contemplated merger of the Executive organs of the three European Communities, and later of the Communities themselves, will have repercussions on the budget which will also affect the power of the European Parliament. Proposals for strengthening the Parliament's budgetary powers - already put forward in the Council and in the Parliament itself - have now been supplemented by a proposal of the Budgeting and Administration Committee submitted to the Parliament on 12 May by the Rapporteur, Mr. Vals (France) (1).

The report stresses that improvements in form alone will not suffice: it is essential to invest the Parliament with real - even if, for the time being, incomplete - budgetary powers. A return to the basic principles of traditional budgetary law must be made as soon as possible and, at any rate, must be completed by the time the Communities are merged. It is essential that the single Community should then be fully financed from its own resources, in respect of which the European Parliament would have exclusive powers of approval and control. But even now the need for parliamentary control is making itself felt, for the High Authority is financed entirely from its own resources and the EEC already has, and Euratom will have, sources of revenue of its own. The Committee therefore proposes the introduction - so long as all the Communities or, later, the single Community are not financed from resources of their own - of a transitional arrangement to remain in force during the period elapsing between the merger of the Executives and that of the Communities. The proposal reads:

- "1. The financial year shall run from 1 January to 31 December inclusive.
2. The European Parliament, the High Commission, the Council and the European Court of Justice shall draw up provisional estimates of their expenditures.

The High Commission shall consolidate these estimates in a preliminary draft budget.

It shall attach thereto a comprehensive statement of financial resources specifying the nature and sources of revenues and the way in which they are appropriated.

(1) Doc. No. 28/1964-65

The preliminary draft budget and statement of financial resources shall be laid before the European Parliament not later than 30 September of the year preceding that in which they are to be operative.

The Council shall, whenever it intends to depart from the preliminary draft, consult the High Commission and, where appropriate, the other institutions concerned.

3. The Council shall, by qualified majority vote, draw up the draft budget and then transmit it, together with a detailed explanatory statement, to the European Parliament.

The draft budget shall be laid before the European Parliament not later than 31 October of the year preceding that in which it is to be operative.

4. If, within a period of six weeks from the receipt of the draft budget, the European Parliament has given its approval, or has not made its opinion known to the Council, the draft budget shall be considered as finally adopted.
5. If, within this period, the European Parliament, by a two-thirds majority of the votes cast and a majority of the votes of all its members, has proposed any amendments, and such amendments will not result in raising total expenditure beyond the amount laid down by the High Commission, the draft budget so amended shall again be transmitted to the Council.
6. The draft budget amended by the European Parliament under the conditions outlined above shall be regarded as finally adopted unless the Council departs from it:
 - by unanimous vote, where the amendments relate to preliminary estimates of expenditures financed from resources available to the Community itself;
 - qualified majority, in the case of other expenditures including administrative expenses.

The Council shall thereupon finally adopt the budget and publish it in the "Official Gazette" together with the results of the voting in the Council and the European Parliament.

7. The drawing up of the budget implies for the High Commission not only approval but also the duty to raise the amount of the revenues concerned in accordance with the provisions of Articles 49 and 50 of the ECSC Treaty, 200 and 201 of the EEC Treaty and 172 and 173 of the EAEC Treaty."

As regards fixing the rate of the ECSC levy, it is suggested that the High Authority should submit its proposals to the European Parliament which can then propose amendments to them. These should be binding on the High Authority if "adopted by a two-thirds majority of the votes cast and by a majority of the votes of all members of the European Parliament."

Under these proposals - the report continues - the European Parliament would still not receive unlimited budgetary powers, which would be shared between it and the Council. However, this apportionment of powers would be a suitable one so long as Member States continued to pay contributions, so that the proposal was a realistic one.

During the debate, Mr. Kreyssig (Germany), speaking on behalf of the Socialist Group, approved the report and the Committee's proposals. At the same time he presented the case for an amendment proposed by the Socialist Group which - unlike the Committee's proposal under which the European Parliament could make amendments only within the limits of the total amount fixed by the High Commission (section 5) - would allow the Parliament to increase the budget as it thought fit.

On behalf of the Christian Democrat Group, Mr. Leemans (Belgium) recommended that the Committee's application should be accepted as it stood. He stressed the transitional nature of the proposed arrangement and appealed for "self-restraint" because "maximalist" ideas would serve no purpose.

Mr. Margulies (Liberal, Germany), on the other hand, expressed the personal view that the European Parliament, which was demanding full control over all decisions withdrawn from the national parliaments, should not impose restrictions on itself. Its duty was to uphold the principles of parliamentary democracy. "We demand that this principle should also be applied in the European Communities." In the same spirit, Mr. Aigner (Christian Democrat, Germany) remarked that "we are politicians who have political demands to put forward." To enable the Council of Ministers "to carry out its proper functions," Mr. Aigner advocated close co-operation between the European Parliament and the national parliaments and the setting up of a sort of mediation committee so as to ensure a "constitutional working contact" between the Parliament and the Council and direct responsibility of the latter to the Parliament. Mr. Weinkamm (Christian Democrat, Germany) also considered that, whatever happened, the requirements outlined in the report should be satisfied. Europe could only be built on democratic foundations, one of which was a parliament endowed with specific powers, particularly in the field of budgetary law.

For the High Authority, Vice-President Coppé approved the report and the proposals affecting the ECSC in particular. He spoke out in favour of strengthening parliamentary powers - a process that would have to go hand in hand with the merger of the Executives. In this he agreed with Mr. Levi Sandri, member of the EEC Commission, who had endorsed the findings of the report and assured the meeting that the Commission would support any effort to strengthen democracy in the Community institutions.

When a vote was taken on the resolution annexed to the report, Mr. Terrenoire, speaking on behalf of French UNR deputies unaffiliated to any Group, explained that they would withhold their vote as it seemed pointless to them to introduce a legislative reform before the single Executive had come into being.

Mr. Poher (Christian Democrat, France) stressed the value of the debate. It was only natural that the European Parliament should seek budgetary powers - the first objective of parliaments throughout the world.

In the resolution then adopted, the Parliament once again called for real democratic control of expenditure, which was increasingly being taken out of the hands of the national parliaments. Wishing to assume full responsibility in budgetary matters, the Parliament proposed that the transitional arrangement suggested by the Committee should be adopted. The amendment originally proposed by the Socialist Group was rejected and in its place a second Socialist amendment adopted under which the total expenditure of the European Parliament could be increased only in agreement with the High Commission. In addition, the Parliament desired that the budget debate should acquire greater political significance and that the vote on the budget should be carried out section by section and by roll-call.

The social policy of the ECSC

On 12 May the European Parliament heard a report submitted by Mr. Pêtre (1), on behalf of the Social Committee, in connexion with the sections dealing with social provisions in the High Authority's report on "The ECSC from 1952 to 1962".

The Rapporteur reached the conclusion that the ECSC Treaty - notwithstanding its social aims and the means of action it grants to the High Authority - had not made it possible to

(1) Doc. No. 25/1964-65

introduce a genuine European social policy. However, with regard to financial assistance granted to laid-off workers, this is now provided without further ado - as a result of the High Authority's endeavours - to any redundant worker belonging to one of the sectors of the ECSC. In addition, Community action in regard to rehabilitation is of particular moral value. Rehabilitation and retraining have gone beyond the framework of a social policy that was designed for coal and steel workers only and have now developed into regional policy, the creation of jobs and general social and economic policy.

As for the trends in real incomes earned by workers, a more satisfactory average progress had taken place in the coal sector than in the iron and steel sector. The conclusion may therefore be drawn that the average extent of action and influence exercised by the Community which was identical for these two sectors in regard to their social scope, now proves inadequate to obviate the prejudice that workers would suffer in a less favourable situation. In this connexion, one can only deplore the disappointing attitude of employers and governments, which had not made it possible up to now to adopt the European Miner's Code.

Although it clearly appeared that harmonization of employment and living conditions during the first ten years of the ECSC had not been automatically brought about by the mere operation of the Common Market for coal and steel, it should be emphasized, on the other hand, that a number of tangible results had been achieved thanks to the High Authority. The latter had played an important part in vocational training and the construction of dwellings for workers.

It was necessary, however, to amend and supplement the ECSC Treaty in order to implement a social policy that would not only protect workers against certain repercussions of foreseeable developments but would also enable them to derive the greatest possible benefit from such developments. The Rapporteur reached here the High Authority's conclusion whereby preservation and improvement of the standard of living are essential factors that warrant the construction of a united Europe.

During the debate, Mr. Angioy (Italy) put forward the position of the Liberal Group. He emphasized that the High Authority's efforts to settle social problems had unfortunately not always been met by similar efforts on the part of the governments. The speaker criticized in particular the attitude of the governments with regard to the European Miner's Code. He thought it inadmissible that governments should take refuge behind the pretext that the ECSC Treaty had not given to the High Authority

the same powers in respect of social questions as had been given to the Commission by the EEC Treaty.

On behalf of the Christian Democrat Group, Mr. Santero (Italy) dwelt on the hard conditions of work of miners. He therefore felt that wages in the coal industry should be raised, even though they may already be higher than in other industries. Likewise, other advantages attaching to the trade should be increased. The speaker was also in favour of the rapid adoption of a European Miner's Code. He concluded by paying a tribute to the High Authority for its social activity - all the more praiseworthy as it is no longer compulsory under the Treaty.

Speaking for the unaffiliated members, Mr. Terrenoire (France) considered that Community efforts in improving the standard of living and conditions of work of miners should be pursued. It seemed essential to him that governments and the High Authority should reach a joint solution. The speaker urged the High Authority to attenuate the deterioration of conditions of competition experienced by European mines and works, as a result of imports from outside Europe, by means of regulations that would prevent such a deterioration to affect what had already been achieved or could be achieved.

The speaker paid a tribute to the High Authority's activity and urged it to pursue its task.

Speaking after Mr. Bousch (France, unaffiliated), Mr. Finet, a member of the High Authority, outlined the progress of negotiations on the Miner's Code and stated that the High Authority would continue to make use of the means afforded to it by the Treaty in order to carry on the social activity pursued hitherto.

At the close of the debate, Parliament passed a resolution in which it noted with satisfaction the means applied by the High Authority with a view to settling various social problems that had arisen during the first ten years of the Community's existence. It took note in particular of financial assistance granted and results achieved in rehabilitating labour laid-off as a result of pit closures, as well as in regard to vocational training and housing. Parliament believed that the Community's social activity had undoubtedly produced partial improvements that cannot be underestimated but that these are only the beginning of a true European social policy for which it had been pressing during the debates devoted to the examination of the ECSC's annual reports. Parliament considered that the Community was not endowed with sufficient means of action and influence to enable it to foster continued improvement in living and work

conditions when these efforts are hampered by an unfavourable economic situation or by a regression in a particular sector. Parliament requested that conditions be created - by appropriate coal policy forming an integral part of a common energy policy on the part of the governments and executives - that would permit a sound social policy being applied in the mining sector. At the same time, it expressed disappointment and deep regret at the fact that, up till now, it had not been found possible to adopt the European Miner's Code whose economic and social necessity is becoming imperative. It also expressed concern about the proposed merger of the executives and the danger of curtailing the action and impetus of the High Authority. Parliament requested that it should be empowered to carry out a genuine social programme in collaboration with social partners in order to obviate the social difficulties resulting from the Common Market, particularly on setting up a single European executive.

The fruit and vegetable market

The European Parliament has expressed its opinion, which had been sought by the Council of Ministers, on two regulations relating to the fruit and vegetable sector.

The first regulation amends Article 3(1) of Regulation No. 23 which deals with the gradual establishment of a common fruit and vegetable market organization, mainly based on the application of quality standards. Under this regulation products marketed within a particular producer member-country are subject only until 30 June 1965 to different quality standards from those applied to products involved in trade between member countries.

In this connexion, the EEC Commission considered that the period stipulated was not long enough for the necessary adjustments to be made in regard to production and marketing on the domestic market of each of the Member States and therefore proposed that Regulation 23 be amended to provide for an extension of the period in question until 31 December 1967.

The second regulation is designed to establish the conditions, terms and timing for applying the common quality standards to products marketed domestically within each producing Member State. The regulation, which is subdivided into 12 articles, defines the field of application of the standard, their enforcement on the domestic market, the intervention of the States in case of abnormal market conditions, the identification of the products, the relevant controls and any sanctions that may be imposed and, lastly, the extension of the provisions of the regulation to cover products of foreign origin.

The two regulations were the subject of a report by Mr. Mauk (1) on behalf of the Agricultural Committee and were favourably endorsed.

With reference to the second regulation, however, the Committee suggested that it might be advisable, even after 31 December 1967, for the EEC Commission to retain the right to adopt additional Community standards for specific products to allow for adjustment to particular market conditions, and it expressed the opinion that the minimum fine equal to 20 units of account laid down in the regulation was too severe for a first offence and that the first sanction should take the form of a warning.

The Committee also formulated observations concerning amendments that might subsequently be necessary in regard to regulation 23 and its implementing terms.

In particular, the Committee:

- a) raised the question as to whether it would not be advisable to list, in a Community inventory, the specific varieties that would be subject to the individual quality standards, in view of the fact that the present procedure which described specific varieties of fruit for each country concerned, might be inadequate to ensure the protection of the consumer against inferior quality;
- b) stressed the need to establish at an early date the quality standards for fruit and vegetables intended for industrial use and for processing;
- c) called for the application of quality standards also in the case of deep-frozen or dried products, or products otherwise preserved, that were imported into the Community from third countries and for an extension of the reference price system to cover these products as well;
- d) finally, and mainly in view of fruit and vegetable imports from third countries (especially those in the Eastern Bloc), called for reference prices to be established for all the products in this sector.

After short contributions by Mr. Mauk, the Committee's Rapporteur, Mr. Vredeling, on behalf of the Socialist Group, and Mr. von der Groeben, on behalf of the EEC Commission, the

(1) Doc. No. 26/1964-65

Parliament expressed a favourable opinion on the two regulations and on the observations made by the Agricultural Committee.

Setting up a European University

Problems relating to the European University were discussed by the Parliament on 13 May 1964 on the basis of a report submitted by Mr. Janssens (1) on behalf of the Research and Cultural Affairs Committee.

It was pointed out, in this connexion, that the European Parliament had at its session in May 1959, asked the Committee to follow closely developments relating to the creation of a European University. In accordance with this mandate, the Committee had submitted a number of reports to the Plenary Sessions and had called a meeting in Venice from 20 to 21 May 1963, with the object of solving the problem under examination. Following that meeting, the Italian Government, in compliance with a specific request from the Bonn Conference of 18 July 1961, submitted a draft law concerning the establishment at Florence of such a university. This was accompanied by a draft convention that called upon the Six States of the Community to assume obligations and rights in relation to this establishment.

The procedure decided upon in Bonn was a departure from Article 2, section 2, of the Euratom Treaty which provided for the setting up of a European University by the Council of Ministers of the Community. The Parliament, therefore, protested against this attitude. However, it pledged its support for any initiative likely to promote cultural co-operation and accordingly regarded the proposals of the Italian Government to be of the greatest interest.

Those speaking in the debate included, in addition to Mr. Janssens, the Rapporteur, Mr. Seifriz, for the Socialist Group and Mr. Ferretti, for the Liberal and Allied Group.

Mr. Coppé, Vice-President of the High Authority, and Mr. Medi, Vice-President of the Euratom Commission, also took the floor.

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Mr. Janssens recapitulated a point he had made in his report, namely that it was desirable to encourage any efforts that, without prejudice to the fundamental principles of the Rome Treaties, were likely to promote scientific and cultural co-operation between Member States of the Community.

Mr. Seifriz, for his part, stressed that the cultural factor was one of the cornerstones of European integration so that the action taken by the Parliament to this end was, for this reason, all the more appropriate.

Mr. Ferretti recalled how difficult it was "for something to be made perfect at the outset". The important thing, the speaker continued, was to make this University a reality; with time it would be possible to overcome all the obstacles that might hamper its success as a European educational establishment.

Mr. Coppé stressed the importance of the European University, recalling the experience of the European Schools that had enabled students of different nationalities to follow courses based on a syllabus that permitted their integration in the national life of any one of the Six Community countries.

Mr. Medi pointed out that a new University should not be bound by too many rules and regulations but should rather develop from its own inner strength and sense of creative purpose.

At the close of the debate, a proposal for a resolution was passed in which it was stressed, inter alia, how important it was for the Vice-Chancellor of the University to be elected by the Board of Lecturers and for the Board of Governors to include, in addition to members appointed by the governments, members appointed by Community institutions and the teaching profession.

The report and the resolution were submitted to the Ministers of the Governments of the Member States responsible for education and matters of cultural co-operation.

Agreements, decisions and concerted practices

The express general ban imposed by Article 85(1) of the EEC Treaty on all agreements, decisions and concerted practices liable to restrict competition can, under paragraph 3 of the same Article, be declared inapplicable in the case not only of

individual agreements, decisions and concerted practices but also of groups thereof. Regulation No. 17, which has been in force since March 1962, governs the issue of such declarations of inapplicability but can be applied only to individual cases. In addition, a draft regulation drawn up by the EEC Commission and empowering it to apply Article 85(3) to groups had been laid before the Parliament for its opinion. The fact that some ten thousand such agreements - of a type suitable for group exemption - have since been reported to the Commission, alone justifies the issue of the new regulation.

The Parliament's opinion was based on a report, prepared by Mr. Deringer (Germany) on behalf of the Internal Market Committee (1), in which the Committee welcomes the Commission's proposal and stresses the need to issue the regulation as soon as possible. The Committee is conscious of the great responsibility placed on the Commission in investing it with these powers, "which it should exercise prudently and economically". However, it feels that any other solution - especially the issue of individual regulations by the Council of Ministers - would be so much more complicated and timewasting that the aims underlying the regulation - to relieve the strain on the Commission and to clarify the situation for industry as quickly as possible - could not be achieved in the foreseeable future.

Commenting on his report, Mr. Deringer once again pointed out that the transfer of such far-reaching powers to the Commission required justification. At the same time he commented on a number of amendments proposed by Mr. Armengaud (France, Liberal) - who thereupon advanced detailed arguments in their support - and declared it to be the Parliament's duty to ensure that the Commission did not confine itself to awarding exemptions but also - should these prove to be too extensive or politically undesirable - availed itself of its powers to countermand or subsequently restrict them.

Mr. von der Groeben, member of the Commission, explained why the Commission had so far made only a few decisions in pursuance of Article 85 of the Treaty and was now resorting to group exemptions. Like most parliamentarians, he saw in this no encroachment on the rights of the Parliament. Moreover, the Commission would always keep the Parliament's Internal Market Committee promptly informed of its intentions in this field.

During the closing vote, two of the five amendments proposed by Mr. Armengaud, which related to both the resolution and the proposed regulation, were adopted. In its resolution, the

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Parliament deplores the absence of decisions on the part of the Commission which would have permitted the establishment of a legal procedure and prevented recourse to group exemptions. The Parliament further recommends that the timelimit for group exemption should be at least five years. For the rest, it approves the draft regulation, subject to a minor amendment proposed by the Committee.

The Community's energy policy

The protocol for a convention concerning the common energy policy, approved on 21 April 1964 by the Governments of the six Member States of the European Communities, was submitted to initial examination by the European Parliament on 14 May. The debate held was based on a supplementary report (1) prepared on behalf of the Energy Committee by Mr. Leemans (Belgium) and Mr. Posthumus (Netherlands). This largely consists of a proposed resolution and is to be followed by a more detailed report.

In the resolution, which was adopted, the Parliament expresses satisfaction at the fact that the six Governments have unanimously agreed to draw up such a protocol so that the political will to bring a common energy market into being now exists. Regarding the protocol, however, the Parliament has the following reservations to make:

- a) As regards the introduction of a common energy policy, the Governments confined themselves unduly to declarations of intention;
- b) The only practical measure consists in legalizing aids for coal production, the basic criteria for which remain to be laid down;
- c) Although the attitude of the Governments is that the measures contemplated must be carried out in conformity with the provisions of the EEC Treaty, the powers and responsibilities to be vested in the High Authority in this connexion are not clearly stipulated.

The Parliament also regrets that the basic responsibilities assumed by the Governments do not necessarily imply that the proposals of the "Energy Memorandum" of the Executives, or any other plan for a common energy policy, will actually be carried out. Nevertheless, the Parliament feels it is important, irrespective of present coal policy measures, to resort within a reasonable periode to Community initiatives that will embrace

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all energy sectors and dispel any doubts as to the precise nature of a common energy market.

Similar ideas were expressed in the debate that preceded the vote. Criticism was expressed particularly by the Socialist Group whose spokesman, Mr. Posthumus, doubted whether a protocol could be described as a "Community agreement". In his view, the legalization of existing national coal subsidies amounted to a violation of the ECSC Treaty. A subsidization policy was, of course, desirable; it must, however, be run on a strictly Community basis and not take the form of retrospective legalization of national subsidies. Mr. Posthumus also feared that, because of the contemplated national estimates, the High Authority would no longer be able to lay down long-term aims for the coalmining industry. If subsidies in individual states were to be based on national estimates, nothing would be left of the Community aspect of the convention.

Mr. De Block (Belgium), who also spoke on behalf of the Socialist Group, did not consider that the protocol would solve the problem. He did, however, regard it as a stepping-stone to a future common policy, as an "important political document" which should be put into effect as rapidly as possible.

This view was shared by the Chairman of the Energy Committee, Mr. Burgbacher (Germany, Christian Democrat), who spoke of an "obligation" that could be fulfilled only by deeds. The Energy Committee, he explained, would naturally advocate that "the regrettable division of powers existing in the energy sector should be abolished by setting up a single Energy Department that was firmly established within the common Commission."

Mr. Bousch approved the resolution on behalf of unaffiliated French representatives. A feature of the protocol he particularly welcomed was its recognition of the importance of nuclear energy, which was making rapid progress in the Community, particularly in France, and the emphasis it placed on stepping up investment in research.

Of the remaining speakers, who included Mr. Blaisse (Netherlands, Christian Democrat), Mrs. Gennai Tonietti (Italy) and Mr. Poher (France), particular attention should be drawn to Mr. Marjolin, Vice-President of the EEC Commission, and Mr. Lapie, member of the High Authority, who put forward the views of their Executives. If the EEC Commission - explained Mr. Marjolin - had not opposed the protocol, it was mainly to meet the wishes of the High Authority which saw in it a means of overcoming its coal policy difficulties. Unfortunately the

protocol contained very few features of the Executives' energy memorandum of June 1962; nevertheless, the Commission would do all in its power to prepare the way for a common energy policy.

In Mr. Lapie's opinion, the protocol represented the first real undertaking by the Governments in the energy policy sector. Even though it amounted only to a transitional regulation covering the period up to 1970 - the time-limit for the possible entry into force of the energy memorandum - it contained not only declarations of intention but also real timetables that took into account the contemplated merger of the Communities. Moreover, the intention was not merely to legalize measures in aid of the coal industry but also to harmonize them.

Report to the Consultative Assembly of the Council of Europe

At the close of the session, the Parliament approved the draft report (1) submitted by Mr. Dehousse (Belgium Socialist) to the Consultative Assembly of the Council of Europe, dealing with the activities of the European Parliament between 1 May 1963 and 30 April 1964 and, for the first time, with a special topic, namely "The EEC as a factor in world trade".

The report will serve as a basis for discussion at this year's joint session of the European Parliament and the Consultative Assembly.

Transport problems

The Council has consulted the Parliament on a draft decision by the EEC Commission for the harmonization of certain provisions bearing on competition of transport by rail, road and waterways. The Parliament has given its opinion on this draft decision in a report (2) drawn up by Mr. Rademacher on behalf of the Transport Committee.

Although the EEC Treaty does not lay down that the opening of a common market should be attended by the harmonization of terms of competition, the Parliamentary Committee points out that harmonization should precede the establishment of a common market for transport. Artificial differences in cost, resulting from fiscal and social charges, technical regulations, insurance regulations and other government measures, should be removed.

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(2) Doc. No. 23/1964-65

National competition differences are not at issue. The EEC Commission has drawn up a list of priorities in order to induce the Council to keep to a timetable for the harmonization of essential rules of competition. While the Transport Committee agrees in principle to the proposed timetables, it does, however, recommend shorter time limits. The report wonders, in fact, whether the EEC proposal will actually eliminate the main distortions that still obtain.

In addition to the Rapporteur, the floor was taken by Mr. Posthumus (Socialist, Netherlands), Chairman of the Transport Committee, Mr. Müller-Hermann (Germany) on behalf of the Christian-Democrat Group, Mr. Faller (Germany) on behalf of the Socialist Group, Mr. Brunhes (France), on behalf of the Liberal Group, and Mr. Kapteyn (Socialist, Netherlands). Mr. Schaus was spokesman for the Executive.

The Rapporteur stated in his introductory remarks that the report under consideration is closely bound up with those on marginal tariffs and access to the road transport market, all of which formed a comprehensive survey. Mr. Posthumus emphasized the importance of competition harmonization for the Common Market.

The Christian Democrat Group approved the report. Mr. Müller-Hermann stressed that harmonization of the regulations should keep pace with liberalization. He pointed out, however, that the report does not cover all the problems of harmonization; government subsidies to the railways, for instance, had not been mentioned.

Problems relating to the appropriation of transport tax-revenues, insurance and shipping on the Rhine, had been left unsolved. Although the speaker fully agreed that social partners should be consulted, he disapproved of the establishment of too many advisory bodies.

Mr. Faller was of the opinion that the EEC Commission could have gone further in its proposals and should have speeded up the harmonization of the rules of competition. The Socialist Group considered that the Executive's proposals on transport could not be put into practice as long as the distortions had been abolished - in part at least. It regretted that the Council intended to postpone harmonization until the marginal tariffs had been fixed. It was in favour of extending the harmonization to Rhine shipping. Mr. Brunhes was of the opinion that the problems of transport distortions were more of a political than of a technical nature. This applied to social, technical and fiscal harmonization.

Concurring with the two other Groups, the Liberal Group was convinced that no common policy was possible without prior harmonization of the rules of competition. This itself was subject to political agreement between the Member States. The Parliament should aim at achieving such agreement. The speaker was entirely in favour of consultation of the social partners within the framework of the Economic and Social Committee.

Mr. Schaus stated, on behalf of the Executive, that on the whole he concurred with the Parliamentary Committee's report. With regard to the implementation of the various measures, he was not in favour of making it a condition that preference be given to certain measures.

The EEC Commission deemed that the common transport policy should embrace Rhine shipping-trade and that the Mannheim Act does not stand in its way. The Community countries should first reach agreement for only then could the problem of the third countries concerned (Switzerland and the United Kingdom) be tackled.

With regard to requests for shorter time-limits for the removal of distortions in competition, Mr. Schaus stated that it was doubtful whether the Parliamentary Committee's wishes could be met. When asked by the Chairman whether the EEC Commission would submit these requests to the Council, the speaker promised to examine each case on its merits.

At the close of the debate the European Parliament adopted a resolution (1) recommending a number of amendments to the Executive's proposal and requesting the EEC Commission to submit them as new proposals to the Councils.

2. European Parliament deemed to be in permanent session

In a pre-judicial decision (judgment in case 101/63), the Court of Justice of the European Communities has ruled on the interpretation of the term "duration of the session of the European Parliament" within the meaning of Article 9 of the "Protocol concerning the privileges and immunities" of each of the three Communities. This ruling is of importance for the legal status of members of the European Parliament who, under the

(1) Resolution of 14 May 1964

terms of Article 9 of the Protocol, enjoy on their own territory throughout the period during which the European Parliament is in session, the immunities accorded to members of their national parliaments and exemption from arrest and legal prosecution on the territory of any other Member State.

The judgment reads as follows:

"The Court of Justice

rules, following a request for a pre-judicial decision from the District Court at Luxembourg, Court of Petty Sessions, by its judgment of 29 May 1963:

- 1) The words "for the duration of the sessions of the Assembly" in Article 9 of each of the three Protocols concerning privileges and immunities shall be interpreted as follows:

Without prejudice to the provisions of Article 22 of the ECSC Treaty governing the dates on which annual session are opened and closed, the European Parliament shall be deemed to be in sessions, even when it is not in fact meeting, until the closure of annual or extraordinary sessions;

- 2)"

This judgment confirms the provision laid down in the Rules of Procedure of the European Parliament under which the annual session shall be opened during the first plenary meeting held after 1st March in each year (Article 3) and not later than the second Tuesday in May (Article 22 of the ECSC Treaty), while the Parliament shall have supreme authority in deciding for what periods there shall be "breaks in the session" (Article 1(2)).

In the grounds advanced for its ruling the Court states that "it would be straining the sense of the word 'break' to treat it as synonymous with 'closure'". A break in the session is therefore simply the period during which no plenary meetings take place.

In the case of the ECSC, no session may last beyond 30 June (Article 22 of the ECSC Treaty), so that the debate on the General Report of the High Authority must close before that date. In view of the absence of similar provisions from Articles 139 of the EEC Treaty and 109 of the Euratom Treaty, sessions must be deemed to continue, as far as these two Communities are concerned, until they are closed. (Information Services of the European Parliament)

II. NATIONAL PARLIAMENTS

France

European agricultural policy and the French National Assembly

On 5 May the National Assembly ratified a decree on the collection of levies and taxes, drawn up in accordance with regulations on agricultural policy adopted by the EEC Council. The Rapporteur of the Production Committee, Mr. Boscary-Monsservin, declared in particular:

"We all wish to see again, at the European level, a system of market organization corresponding to some extent to what we had intended to set up in France. But, above all, we wish to find again at the European level the guarantee system - and a better one, if possible - with which our farmers had been provided. In this matter of market policy, the price notion is a fundamental one since, in the final analysis, prices play a predominant part on markets."

"Undoubtedly - and this is of considerable importance for us because it involves the standard of living which we wish to give to our farmers - the price notion is dependent upon a structural problem. However, structure will only give long-term results but, in the meantime, farmers must go on living. This will show to what extent the fixing of a target price is a matter of major interest."

"Moreover, and in a general economic sense, the price notion embodies the notion of economic guidance. A producer's readiness to produce a particular commodity may vary according to whether the price of that commodity is higher or lower. In short, a common agricultural policy hinges entirely on prices. Hence the need for strict compliance with agreed prices and for making European prices independent from external fluctuations as also from a world market affected by all sorts of influences that are not natural."

"In my opinion, it is therefore fortunate that outdated quota and customs practices have been replaced by the infinitely more flexible levy formula."

"The Parliament must know, however, that the levy concept is being severely criticized by the third countries. The criticism which we already heard yesterday in Geneva will be resumed tomorrow. I said 'yesterday', as I had in mind the UNO Confer-

ence held over the past fortnight. I say 'tomorrow' as I refer to the GATT conference."

"A powerful offensive is therefore being conducted against the Six in order to get them to waive levies and revert to the outdated quota and customs tariff formulae."

"Levying is a good formula and in a common agricultural policy it definitely fulfils the rôle that was ascribed to it, namely to make the European target price, such as we conceived it for the whole of our agriculture, entirely free from world market fluctuations. It was in fact the wish of the French Parliament that the Government should strongly defend the levy notion before the institutions of the Six."

"In this connexion, Mr. Armengaud has emphasized in the Senate, on 21 May 1964, that Mr. Mansholt, in spite of all his efforts, felt completely isolated within the European Economic Community and "thwarted" by the main agricultural commodity importers, namely the Germans."

"It is of vital importance, Mr. Armengaud added, that we should not be taken in. In the first place, we should not play into the hands of some of our partners who loudly assert that Europe must be made, on the understanding, of course, that Europe should be shaped in a way that would preserve their vested interests. This, I submit, does not mean "making Europe", since such an aim implies some sacrifice on the part of all of us. Yet there seems to be no indication that German industry and agriculture are prepared to make any sacrifice at all. This must be known!"

"Moreover, it cannot be demonstrated that our behaviour would always serve as an example in the European "game", in particular in connexion with the price policy which is the basis of the Mansholt proposals and levy policy."

"The increase in French agricultural prices, wanted by the farmers, would of course have resulted in raising all national prices. This would be against the plan described as 'stabilization plan'. If we consider the agricultural problem such as it is today, we must acknowledge the fact that we can no longer deal with it on a strictly French basis. When the Government introduces a bill, it must of necessity take into account the extent to which such a bill could be integrated in the particular European policy in which it is taking part. Furthermore, there are now in Germany large groupings of interests and vertical concentrations that associate certain agricultural commodity producers or processors with suppliers of these basic

agricultural products, whether home-produced or imported. This might entirely alter the position in regard to what it was when we passed the Treaty of Rome."

"Yet a further risk is that certain German or Italian agricultural commodities might invade the French market."

"Consequently, I do not feel that we can be content, in regard to levies or agricultural policy, with purely national texts such as those laid before us. It is imperative that the Government should make a clear statement on the whole of its agricultural and economic policies within the Common Market in order that we may take effective action, in the Senate of the Republic as also in European parliamentary assemblies, vis-à-vis our partners."

"In this respect, the Government should be a little less reticent than hitherto on its policy's aim."

"Is the Government fully aware of the attitude of its partners, in particular Germany, who seem to wish that Europe should be constructed in their likeness? Is the Government sufficiently aware of the effort it must make vis-à-vis French industry and agriculture so as to apprise them of the conditions under which competition is taking place on a European scale? What means could the Government carry into effect seeing that we did not succeed in drawing up the European plan wanted by all Frenchmen in order to prevent the construction of Europe from interfering with French interests?"

"It is not desirable that the French Government should feel that it achieved resounding success in Brussels in December 1963 and that it must be satisfied with this result. Problems will arise in exactly the same way and under similar conditions for a number of main industrial products and even in respect of technical research. It would therefore be unthinkable that the Government, satisfied with the very modest result obtained in Brussels, should then use this as an argument that is likely to please certain partners and in the process sacrifice a number of French interests, particularly industrial interests." (Official Gazette - Parliamentary debates - National Assembly, 6 May 1964; Senate 22 May 1964)

Italy

The Chamber of Deputies ratifies an order-in-council provisionally amending customs regulations applicable to foundry pig iron

On 13 May 1964, the Chamber of Deputies ratified the order-in-council of 18 March 1964 provisionally amending customs regulations applicable to foundry pig iron.

The rapporteur, Mr. Vicentini (Christian Democrat), stated in the course of the debate that the point at issue was in reference to an amendment in pursuance of a binding recommendation by the ECSC High Authority, whereby the existing customs tariffs would remain unchanged in Italy while the other ECSC Member States would fall into line with them.

Mr. Vicentini then explained that there would be no undue repercussions for the national iron and steel industry, since Italy did not import foundry pig iron and since its output was rising steadily - in contrast to the other ECSC states.

Senator Soliano, speaking for the Communist Party, criticized the provisions in that, in his view, the Parliament was merely called upon to endorse a decision already carried out in pursuance of a recommendation from the High Authority - which the speaker described as an undemocratic body.

The Communist Senator went on to describe the High Authority as representing a majority that had since disappeared and as reflecting political situations that no longer existed, as - he alleged - was evident in the present ratification being requested from a Centre-Left Government, whose basis was a majority at present debarred from every European body.

The Communist Party, however, was also opposed to the order-in-council in itself: its provisions, indeed, would be of benefit to France and Germany but they would be prejudicial to Italian industry.

Senator Angelino for the Unitarian Socialists also opposed the ratification considering it discriminatory against the USSR and liable to hamper trade between Italy and that Country.

Mr. Valsecchi, Under-Secretary for Finance, pointed out that under the ECSC Treaty, the High Authority's recommendation was binding upon Italy. Furthermore, in approving that treaty the Parliament had freely accepted a restriction on its sovereignty.

The speaker concluded by saying that Community problems had to be seen as a whole and that no one wishing to remain in the Common Market could invoke sectional interests to stand up in opposition to the general will of the Community. (Chamber of Deputies, Summary Minutes of 13 May 1964)

Netherlands

Negotiations on an association agreement between Nigeria and the EEC

Answering questions by Mr. Nederhorst (Socialist), Mr. Luns Foreign Minister, stated on 20 May 1964 that the French Government had made reservations with regard to the negotiating mandate to be entrusted to the EEC Commission - which had already been approved by the other five Member States - and the consequences of the Nigerian association for the Associated African States and Madagascar.

The objections now raised by France, Mr. Luns pointed out, had not been mentioned when the Yaoundé convention was signed, full agreement having been reached on the subject. The agreement applies in particular to Nigeria, and the Dutch Government therefore fails to understand why there is now opposition to the opening of negotiations with Nigeria.

The Dutch Government is using every endeavour, in bilateral contacts as well as in the EEC Council, to induce the French Government to reconsider its attitude. The only means the Council of Ministers has at its disposal is the cogency of the arguments put forward by its Member States. (Annex to Proceedings of the Second Chamber, 1963-64 Session)