

12

DECEMBER 1966

eighth year

european documentation

a survey

EUROPEAN PARLIAMENT

General Directorate of Parliamentary
Documentation and Information

This publication deals with problems relating to the progress of European integration: it analyses noteworthy attitudes taken and articles written on these issues. It also reports on the efforts pursued by the European Parliament, the Parliaments of the Six Member States and by other European parliamentary bodies with a view to achieving the aim of uniting Europe.

For further information on some of the problems tackled by the European Communities and, in particular, on the work of the Executives, readers are referred to the following official publications :

Bulletin of the European Coal and Steel Community
Bulletin of the European Economic Community
Euratom-Bulletin of the European Atomic Energy
Community

The Council of Ministers issues a press release at the close of its sessions. Its activities, however, are also covered in the Community Bulletins.

C O N T E N T S

PARLIAMENTARY ACTIVITY

	page
EUROPEAN PARLIAMENT	1
(a) Session of 28 November to 2 December in Strasbourg	1
1. The European Parliament demonstrates its sympathy with Italy on the recent flood disasters	1
2. Report of the President in Office of the Councils and the Colloquy between the European Parliament, the Councils and the Executives on: 'The Community's state of progress and future prospects with regard to the completion of the economic union'	3
3. Mr. Dino del Bo, President of the High Authority addresses the European Parlia- ment	12
4. The budget of the EEC for 1967	14
5. Budgetary questions affecting the Euro- pean Parliament	19
6. The EAEC's operating budget and other budgetary questions affecting Euratom ..	20
7. Supplementary operating budgets of the EAEC and the EEC for 1966	23
8. The Association Agreement between the EEC and Nigeria	24
9. Medium-term economic policy	28
10. Oral Question on an association between Tunisia and the Community	33
11. Monetary policy	34

	page
12. Organizing world markets for agricultural products	37
13. Social developments in the Community	41
14. Regulation relating to the EAGGF	45
15. Common trading system for egg albumin and lactalbumin	46
16. Preservatives used in foodstuffs	47
17. The Association between the EEC and Greece	48
18. Health problems arising in connexion with imports of cattle, swine and fresh meat from third countries - Veterinary Committee	51
(b) Work of the Committees in November	52

PARLIAMENTARY ACTIVITY

EUROPEAN PARLIAMENT

(a) Session of 28 November to 2 December in Strasbourg

1. The European Parliament demonstrates its sympathy with Italy on the recent flood disasters

The European Parliament was deeply disturbed at the serious floods in Italy and demonstrated its sympathy by passing two proposals, prompted by the disasters.

The first was a draft resolution (1) moved by Mr. Pleven (Liberal and Allies Group) and others and endorsed by the four political groups. In the resolution, which was passed unanimously, the Parliament trusted that the Councils and the Executives would draw up concrete proposals in order to provide assistance that would help the regions affected to get on their feet again, both economically and socially. Similarly, the Parliament decided to respond to the appeal launched by the Italian Government and to contribute to the fund it has opened on behalf of the flood victims.

In opening the Session, Mr. Poher, President of the European Parliament, expressed the feelings of all the citizens of Europe when he voiced his support for all those who had voluntarily come forward to join the Italian students in the work of salvaging books and works of art from the mud. He said that he had conveyed, to the Presidents of both Houses in the Italian Parliament, the sympathy of the European Parliament, as a token of which, he had decided, in agreement with the Bureau, to cancel the traditional receptions organized on the occasion of the Colloquy with the Councils and the Executives and to pay the money normally appropriated for this purpose to the flood victims.

(1) Doc. 131/rev. 1966

The feelings expressed by Mr. Pöcher were echoed by Mr. Luns, President of the Council of Ministers, who spoke of his deep sympathy for those who had been hit by the disaster. The Council was concerned, he said, about the economic repercussions of the flooding - above all the damage to the basic services and the setbacks to agriculture in the regions concerned. The Council had taken cognizance of the timely EEC Commission proposals on this matter and, adopting the procedure for matters deemed urgent, had examined them at its meeting of 24 November. These proposals were that funds be allocated through the European Agricultural Fund. President Luns said that these proposals had already been referred to the European Parliament.

The Parliament, adopting the procedure for matters deemed urgent, discussed these proposals on the basis of a report (1) drawn up for the Agricultural Committee by Mr. Vredeling.

In the debate, Mr. Boscary-Monsservin (Liberal and Allies Group, France), Chairman of the Agricultural Committee, Mr. Vredeling, (Socialist, Netherlands) Rapporteur and Mr. Lückner (Germany), for the Christian Democrat Group, all expressed the view that the draft regulation should be regarded solely as a first measure of assistance to Italy; they therefore called for action on a wider scale and a complete aid programme on behalf of the regions hit by the flood disasters.

Mr. Mansholt, Vice-President of the EEC Commission, shared the views and feelings of solidarity expressed by the Parliament and gave an assurance that the EEC Commission would, as part of its action over the longer term, make a full report on the position in the disaster regions and on the measures to be taken.

The following members of the Executives also spoke in the debate: Mr. Hallstein, President of the EEC Commission, Mr. Lapie, a member of the High Authority and Mr. Margulies, a member of the Euratom Commission. Mr. Hallstein stated that the EEC Commission had decided to take various customs and other long-term measures to relieve the distress caused by the floods.

Mr. Lapie stated that when the High Authority had learned of the disaster it had met at once to examine what

(1) Doc. 150/1966-67

measures were indicated. It was now looking into what it could do, within the limits of its powers, as regards rebuilding houses.

Mr. Margulies stated that on the evening of the disaster, officials, doctors and technicians from the Ispra Centre went to help flood victims; their timely action had saved many lives. Euratom technicians, for example, had repaired the electricity supply lines, thus bringing power and light to a hospital in the flood area.

Mr. Oliva, Under-Secretary of State at the Italian Ministry of Foreign Affairs, expressed Italy's gratitude. He said that the solidarity manifested under these distressing circumstances demonstrated what could be done by a feeling of brotherhood among men.

2. Report of the President in Office of the Councils and the Colloquy between the European Parliament, the Councils and the Executives on: 'The Community's state of progress and future prospects with regard to the completion of the economic union'

Mr. J.M.A.H. Luns, Dutch Foreign Minister and President in Office of the EEC and EAEC Councils, said that as far as European integration was concerned, the positive factors outweighed the negative ones.

The third stage in the transition period had begun within the time-limits laid down. The completion date set for the customs union was 1 July 1968. This decision meant keeping up the 'accelerated' tempo in the abolition of customs duties and in the introduction of the common customs tariff. It also meant that industry now knew exactly when the customs union would be completed and could plan accordingly.

Considerable progress had been made with the common agricultural policy. As a result of decisions taken since the Treaty came into force, nine tenths of the Community's agricultural production was now covered by market organizations. In eighteen months, a genuine Common Market would be an accomplished fact: single prices would come into force and all the long-standing obstacles to intra-Community trade in agricultural products would disappear. Likewise the regulations on how the agricultural policy was to be financed up to the end of the

transition period had been passed. Nonetheless a considerable number of regulations still had to be worked out so that the common markets could come into effect within the time-limits set.

Progress had indeed been made in the social sphere in the last nine years; yet the frequently expressed desire for more rapid progress had not been unreasonable. It was worth remembering that the free movement of workers, one of the cornerstones of the Common Market, was now almost completed. The provisions on free movement were coupled with requirements concerning the social security of migrant workers. The work of the Social Fund had also to be underlined. To date, it had contributed towards the re-adaptation and re-integration of some half a million workers.

As regards other progress made, Mr. Luns drew attention to the Council regulation giving effect to Articles 85 and 86 of the Treaty on competition; this regulation gave the Community the wherewithal to implement the provisions of these articles. The measures provided for in the Treaty had been taken within the time-limits set and it was therefore hoped gradually to develop a healthy competition policy.

Mr. Luns also emphasized the importance to the Community of the arrangements made to co-ordinate the member States' approach to economic policy, as regards short and medium-term economic policy and monetary policy. The Medium-Term Economic Policy Committee had drawn up a first draft of a programme. The Short-term Economic Policy Committee had, for its part, been largely responsible for initiating the consultations between the Commission and the member States provided for in Article 103 of the Treaty and in making these the subject of discussions on the Council. Lastly the Monetary Committee had been considering the monetary and financial situation in the member States and looking into the problems of freeing capital movements. It was also helping in the co-ordination of the policies of the member States. These Committees were doing work essential to the completion of the Economic Union; the value of their work became increasingly clear as the Community advanced, bearing in mind that for joint or co-ordinated action by the member States, the basic policy lines had to be worked out.

As for external relations, the most important problem, at the present moment, was the Kennedy Round. The EEC hoped shortly to be submitting its supplementary propos-

als on agriculture so that its complete proposals would then be known.

Intra-Community trade and trade between the EEC and third countries had expanded to a surprising degree. Between 1958 and 1965, trade between the member States increased by 200 per cent; as for trade with third countries, exports rose by 70 per cent and imports by 77 per cent during this period.

Lastly the Community had established very close relations with many countries; it had also entered into negotiations to this end with others; two European countries, Greece and Turkey, and 17 African States and Madagascar were associated with the Community. An association agreement had been made with Nigeria and trade agreements had been concluded with several other countries. The Community had also entered into negotiations with such countries as Austria, three East African countries and the Maghreb States. Israel had also requested association.

Mr. Luns said that the highly interesting statements of the British Government concerning the EEC had not yet been discussed by the Council. He felt that such discussion might be premature; it would, in any event, be necessary to await the outcome of the forthcoming, top-level, EFTA discussions.

Mr. Luns stressed that the time had come to move on from the customs union to the economic union, which should comprise four main fields:

First of all it involved a certain number of measures to give full effect to the free movement of persons, services and capital. For this reason, the Council had already begun discussions on the directives put forward by the Commission on harmonizing turnover taxes. The laws of the member States had also to be approximated so that trade flowed as freely as possible and so that the customs union assumed its full meaning.

A second prerequisite for the economic union was the introduction of the common policy rules provided for in the Treaty.

As regards trade policy, it was worth pointing out that, in practice, the dispensation obtaining for imports from all those countries whose international trade is conducted along the same lines as the Community's, is, to a

large extent, common to all of the Six. This was true of almost 90 per cent of the EEC's external trade. The Council would have principally to look into the problems of approximating the import regulations on imports from countries where wages are low and those from the state-trading countries.

Speaking of common policies, mention had also to be made of transport policy. Its function was to give the best possible organization of the common transport market. This involved approximating competition conditions, regulating access to the market and introducing common prices. The implementation of this policy was an important part of the economic union.

Thirdly, the economic union would comprise measures which would only come into real effect, once the customs union was completed, if there were steadily increasing co-ordination at the Community level all the time. Mr. Luns referred here to the short- and medium-term economic policies. Economic policy in the broadest sense of the term also had to be included because the phased realization of the customs union had already called for a co-ordinated approach to maintain the basic balance essential to the proper operation of the Common Market and this would continue to be the case. This was seen to be especially necessary if it was remembered how often the public authorities were responsible for the major decisions that affected the growth of the modern economy.

As regards the political sphere, Mr. Luns said that he was speaking as President of the Council and that he had therefore to set forth the Community viewpoint. As long as one remained in the field of concrete realities - as was the case with the various achievements in the economic field - there were almost no difficulties. With regard to the treaty merging the Executives, which had now been ratified by the Six Parliaments, he said that the Six Governments still had to agree on certain important points, especially the composition of the new Commission and the responsibilities of its members. As soon as an agreement were reached, the instruments of ratification would be deposited and the merger would become a fact. He was, however, unable to state when this would take place.

Speaking for the Christian Democrat Group, Mr. Illerhaus said that the EEC was more than a customs union. The Community's ultimate goal, indeed, was economic integration i.e. the dovetailing of six economies in a united, large-

scale, European economy. However important the free movement of goods might be, it was only one stage towards integration. When the customs union was completed on 1 July 1968, i.e. eighteen months before the end of the transition period, the Community would have every reason for satisfaction; but the customs union would not be really effective and it would not operate really well unless a great many other measures were taken before then.

He asked the Council to press ahead with the work on approximating turnover taxes and consumer taxes and at all events to issue the two directives on turnover taxation within the time-limits it had set itself so that fiscal barriers would disappear on schedule.

He pointed out that the successful agreement on the common agricultural policy had been a first important step to a common approach to economic policy. Indeed this agreement also represented the beginning of the economic union and this was not to be underestimated. It had been acknowledged, as far as agriculture was concerned, that it was impossible to abolish trade barriers unless there were a common policy. Industrially too, it would be seen that a common policy was an essential prerequisite to the stage-by-stage integration of markets. Without a common policy, there would be disruptions and competitive anomalies which would have an adverse effect on the Common Market.

Mr. Illerhaus also referred to the still-pending merger of the Executives. This was no miracle solution to Community problems but it should lead to greater efficiency. It was the essential first step towards regrouping the Communities and drawing up a single treaty. When this replaced the three existing treaties it would only be meaningful and acceptable provided it involved neither 'dilution' nor 'deterioration' but constituted a genuine advance for European integration.

He felt that the diligence that had in the past been displayed on various sides with regard to agriculture should be deployed to the maximum on many other issues pending before the Council, and which it had practically undertaken to resolve, to further the application of both the spirit and the letter of the Treaty.

The delaying tactics repeatedly used by certain Governments in recent months and the Council's diffidence about taking decisions could in the long run seriously weaken

the Community - he again referred to the common trade policy, transport policy and social policy - and deserved to be strongly criticized. If any government were no longer willing to work together in balanced progress towards the economic union, it would be better for that government quite frankly to say so. The recent inactiveness of the Council of Ministers on issues of decisive importance could not be tolerated much longer.

Speaking for the Socialist Group, Mr. Apel said that 'the European Economic Community' customs union would not be viable unless common economic policy regulations were enacted without delay; national measures were cancelling out the effects of integration. Progress had to be made institutionally but this was not the only prerequisite for the common economic policy. It depended primarily on the political will of the member States if common solutions were to be found.

The benefits and the sacrifices involved in European integration had to be fairly shared. The Community had to be not only a sphere of action for big business; there had to be an effective counter-weight to enterprises of European dimensions in the form of: (a) efficient trade unions in the EEC, (b) an effective anti-trust policy, (c) a liberal trade policy, (d) competition from third country enterprises.

He stressed that common economic policy regulations would lead to a whittling-down of national sovereignty and to a dwindling of the nation's capacity to act in matters of domestic and foreign policy. This did not mean that a common line on foreign and defence policies was a prerequisite for the further progress of the EEC's economic union. There would, however, be manifest limitations to the independence of national policy and the links of economic solidarity would be broken if one or more States failed to recognize this.

Speaking for the Liberal and Allies Group, Mr. Armengaud said that the Community had made headway in many sectors; of course, only the common agricultural policy was leading the EEC towards a genuine economic union. In other sectors, on the other hand, little progress had so far been made; this was true of the field of transport and in the energy sector, the governments had still reached no agreement.

Speaking for the European Democratic Union, Mr. de la Malène stated that a great deal had still to be done in

many fields. A lot had been achieved; yet the time had come to go on beyond the stage of the customs union and the common agricultural policy to a real economic union. As for the monetary, competition, foreign and defence policies and other spheres, there was still no common policy in the Community. As for negotiations on Britain's accession, he felt that the United Kingdom had to accept the EEC as it was and stop thinking of the Commonwealth, the USA and Europe as being all on the same level. The accession of the UK to the EEC would indeed be a step forward but it was not at present a sine qua non for the pursuit of the economic integration of Europe. If the UK and the Commonwealth acceded to the EEC, then Europe would be completely heterogeneous.

Mr. Hallstein, President of the EEC Commission, dealt with the focal points of future work. He quoted two dates: 1 January 1970, the end of the transition period and 1 July 1968, when the customs union and the common agricultural policy would be completed.

He felt that neither would be really effective unless a great many other measures were taken in the interim. The purpose of the Community was to remove all obstacles to trade i.e. it would not remain a mere preference area. Hence 'operation 1 July 1968' was only the first of the points at which a major effort would be required. Similarly, the EEC had already begun the economic union with the common agricultural policy, the harmonization of turnover taxation systems and the beginnings of a common approach to economic policy. Further progress had to be made quickly in this field so that when the customs union and the common agricultural policy came into effect, a coherent segment of the Community's development would have been completed.

The President of the EEC Commission said that the ultimate goal of economic integration was bringing the Six economies together in a European economic union. Economic integration was only one factor in political union and was a standing invitation to the member States to bring full political union into being. If work were concentrated on the fundamental issues, it would contribute to this political unification.

Mr. Carrelli, Vice President of the Euratom Commission began by asking: 'Where shall we be when the economic union comes about? Will we be able then to take advantage of all the opportunities of a vast European market? Or will we be obliged to conclude that, in the

key sectors of this market, i.e. those concerned with the economy of the future, our industry is not equipped to adjust to the extraordinarily rapid technological developments and that it will therefore be obliged to leave the field to others?'

Mr. Carrelli stressed that something had to be done in the technical field. In this context he referred to the report by Mr. Oele on technological progress and scientific research in the European Community, from which it clearly emerged that Europe was, to an alarming extent, lagging behind the USA and the USSR in technical progress in the key sectors.

Mr. Carrelli stated that as regards scientific research, the time had come to eschew generalities and immediately try to deal with the realities of actual facts and practical work. He stressed that he and his colleagues in the other Executives wanted to do this within the framework of the 'Inter-executive Scientific and Technical Research Group.'

Mr. Del Bo, President of the High Authority, began his address to the European Parliament with a report on the coal situation and the state of the iron and steel market against the background of the outcome of the meeting held by the Special Council of Ministers of the ECSC on 22 November.

As regards coal, Mr. Del Bo stated that the Ministers had agreed, within the framework of the Protocol of 21 April 1964, to meet at regular intervals to compare estimates of internal marketing, production, imports and intra-Community trade in coal. As for the problems of coking coal, Mr. Del Bo recalled that although imports of American coal only covered one tenth of the coal needs of the Community, they obliged Community collieries to offer price alignments to certain consumers. They would not be able to go on doing this for very long. He drew attention to the completely divergent trade policies of the member States; these stemmed from the anomaly, in the Treaty of Paris, represented by the lack of any ruling on a common trade policy.

In July 1965 therefore, the High Authority had proposed to the Council a system of subsidies for the marketing of coking coal with a view to cutting coal prices to the level of delivered prices of coal imported from third countries. Such a system could not work properly purely on the basis of national appropriations. The High

Authority had therefore put proposals to the Council for Community machinery whereby all the member States would share the cost of a subsidy. Mr. Del Bo stressed that today there was still no final agreement but that all the Ministers had agreed in principle to draw up definite proposals on the criteria whereby the subsidies would be granted and on the machinery whereby a multi-lateral compensation system could operate between the Six States for intra-Community trade in coking coal and coke.

Mr. Del Bo also said that the problems of steel differed from those of coal. If the Community's iron and steel industry were to retain its position among the world's biggest steel producers, it had to continue its rationalization drive and put increasing emphasis on competitiveness. Any undue increase in production capacity had to be avoided. Steel capacity was already adequate to meet all quantitative needs. Lastly Mr. Del Bo analysed the proposals of the High Authority to the Council concerning steel and he outlined the measures the High Authority planned to take within its own terms of reference.

He was gratified that the High Authority's initiative had been welcomed by the Council. All the Ministers had recognized that the problems were serious and that they were in urgent need of solution. It was also agreed that the measures to be taken should assume a Community character. A 'Special Committee for Steel' had been set up to make a thorough examination of these problems.

In closing his speech Mr. Del Bo dealt with the theme of the Colloquy, the creation of the economic union. He said that an economic union was never complete. It consisted in a continuous process of creation and called for the solution of problems not anticipated when the Treaties were signed. Hence the work of the ECSC was not primarily or solely to bring about economic integration but one of carrying through an economic policy at the European level. There were practically no constants in a rapidly changing economy. This was why the Community had, at every stage in this process of change, to have an appropriate industrial policy.

3. Mr. Dino del Bo, President of the High Authority addresses the European Parliament

On 29 November, Mr. Dino del Bo, President of the High Authority, addressed the European Parliament on the state of progress with regard to coal and steel questions against the background of what had emerged from the meeting of the ECSC Council of Ministers on 22 November.

He expressed the satisfaction of the High Authority at seeing the steady and patient efforts it had made over a period of several months culminate in progress which would probably be decisive.

A further cause for satisfaction, he added, was that the Council had welcomed a report by the High Authority on the present difficulties in the steel market and on the solutions to those difficulties and had agreed to set up an ad hoc Committee at once to draw up proposals for a comprehensive policy for dealing with the situation.

He further stated, with regard to coal, that the Ministers, within the framework of the Protocol of the Agreement of 21 April 1964, had agreed to meet at regular intervals in future to compare internal marketing, production, imports and trade estimates.

A supplementary report would be referred to the Council at its next meeting on the state of the Community coal industry, with particular reference to domestic coal. The High Authority felt that these decisions constituted a valid basis for resolving the difficulties that might arise in this sphere.

Going on to the problems of coking coal, he recalled that although imports of American coal only covered approximately one tenth of the needs of ECSC steel works, these imports obliged Community collieries to concede price alignments to certain consumers; they would not be able to do this for very long. He drew attention to the totally divergent trade policies of the member States and the anomaly created by the lack of any common trade policy dispensation in the Treaty of Paris: these had created situations which varied from one country to another and which represented a threat to the Community's coking coal trade.

In July 1965, the High Authority had proposed to the

Council a system of subsidizing the marketing of coking coal with a view to cutting its price to the level of the delivered prices of third country coal. Such a system would never operate properly on the basis of national subsidies; which was why the High Authority had made proposals to the Council for a Community system whereby all the member States would share the cost of these subsidies.

It was true, he said, that no final agreement had yet been reached. A major step had, however, been taken in that all the Ministers had agreed to have detailed proposals drawn up on the criteria for paying the subsidies in question and on the machinery for applying a multi-lateral compensatory system between the Six member States for intra-Community trade in coking coal and coke.

He added that this agreement had been reached after the High Authority had laid down a time-limit for the duration of such a system and a limit on the tonnages traded which would be covered under this system. Without wishing to conceal the difficulties that had arisen in discussions on this financial machinery, the High Authority felt it had good reason to hope that this issue would be successfully resolved at the next meeting of the Council, scheduled to take place at the beginning of February 1967.

Mr. del Bo then spoke of the problems of steel. He began by stressing that in contrast to the coal industry which was an industry in regression, the problems of the steel industry were of a different kind, the nature of which was illustrated by the new General Objectives for Steel of the ECSC. For the Community steel industry to remain one of the world's great producers, there had to be a rationalization drive and greater emphasis on competitiveness; any undue increase in capacities had also to be avoided for these were already quite adequate, quantitatively speaking.

He described the High Authority's proposals to the Council concerning steel and the measures the High Authority had decided to take within the framework of its own powers. He noted with satisfaction that the High Authority's approach had been welcomed by the Council.

All the Ministers had recognized that the ECSC was faced with serious problems which called for urgent solutions. All agreed that these solutions had to fall within the

Community framework.

An ad hoc Committee had been set up to study the problems and to draw up a comprehensive plan of action.

Mr. del Bo concluded by referring to the 'Economic Union', the subject of the European Parliament's Colloquy.

The Economic Union, he said, never reached completion. It was always in the process of being created and frequently involved solving problems not anticipated at the time when treaties were drawn up.

The work of the ECSC therefore was not solely or primarily one of economic integration; it was above all one of economic policy at the European level.

There were hardly any constants in a rapidly expanding economy and the Community needed, at every stage in this continuous change, to come up with an appropriate industrial policy.

The Treaties could not provide ready-made answers to all these problems, some of which were quite new. There was, however, nothing to prevent adequate solutions being found if the institutions played the part entrusted to them and if the solidarity of the member States found expression in appropriate terms.

4. The budget of the EEC for 1967

On 31 October 1966 the Council referred to the Parliament the draft EEC budget for 1967. This showed a substantial increase in expenditure from 367m. accounting units to some 605m. accounting units. Expenditure under the agricultural policy was the main reason for this increase. Outgoings under this head would be up from 300 to 537m. accounting units, an increase of 79 per cent. It was worth pointing out that these sums were slightly lower than those originally proposed by the EEC Commission in its preliminary estimates. This was why Mr. R. Charpentier, appointed rapporteur by the Budget and Administration Committee, examined

the EEC estimates with two ends in view: to establish the Parliament's responsibility in assessing, wherever possible, what savings could be made and to provide the Commission with the means to impart the necessary momentum to the Community's progress. (1)

During the course of his analysis, the rapporteur reviewed the Agreements of May, June and September 1966 on the common agricultural policy and the highly detailed time-table agreed on. This included many internal market issues still outstanding, the introduction of a common external policy, the inexplicable backlog on social policy, the balanced development of the Community and, lastly, the problems thrown up by the development of the Associated Overseas States. This examination raised certain doubts: had the Council, at its sessions in May, July and September 1966, carefully weighed the financial implications of these decisions and of the amount of work that they involved.

The EEC Commission had not yet been able to take advantage of the benefits of rationalization that might reasonably be expected from the merger of the Executives. In 1966 it had been obliged to call upon many auxiliary agents and even temporarily, upon national civil servants. It had asked that 547 new posts be created in 1967. The Council had granted only 186. Without wishing to discuss the Commission's needs in detail, the rapporteur was astonished at the difference between these two figures and he asked to what extent the Commission would be able to carry out the tasks entrusted to it. The Commission had, moreover, been obliged to inform the Council that its refusal to revise its drastic cuts meant that the Commission would not, in future, be able to guarantee that the tasks incumbent upon it would be carried out in full within the time-limits specified. The Budget and Administration Committee had therefore tabled an amendment to the draft budget to induce the Council to re-examine this question, failing which it would decline all responsibility if the decisions taken by the Council were not carried out by the EEC Commission.

In the majority of cases, the rapporteur proposed that the appropriations authorized by the Council under the head of general operating expenses, should be accepted. On the other hand he could not accept the reasons given

(1) Doc. 132/1966-67

by the Council for cutting back or striking out certain appropriations requested by the Commission for social affairs. The Council felt that because it had taken no decision on the point of principle, there were no grounds for including an appropriation; nor even were there any for laying down a budgetary line on measures to be taken either on behalf of the Italian sulphur industry or under a common occupational training policy to obviate shortages of skilled workers in the Community. It seemed, however, that the Council was doing nothing to accelerate the adoption of these social measures. The Ministers for Social Affairs had not met since October 1964. The Budget and Administration Committee therefore considered it necessary to re-insert a credit which would be blocked until 1 July 1967, by which time decisions could have been taken and become operative. Mr. Charpentier included an extract, in his report, of the Opinion returned by the Agricultural Committee, whose view was that the Parliament had almost no opportunity to pronounce on a real budget for agriculture. Only the expenditure already outlined was involved.

The analysis proposed by the Commission, to show the budgetary implications of the price decisions taken, became meaningless if it had to modify its proposals. The Community programmes announced by the Commission had not been forthcoming; it was therefore impossible to evaluate the projects for improving agricultural structures.

Speaking more generally, the rapporteur found it regrettable that the Council had not, on the occasion of the draft budget, announced a full-scale resumption of Community activities in 1967. It was reasonable to expect, after the agreements reached in May 1966, that efforts would be redoubled to ensure a balanced development of the Common Market by the introduction of common policies - still sadly lacking - for energy, transport and scientific research.

Mr. Charpentier submitted his report at the public session of 29 November 1966. He drew attention to the ever-increasing number of responsibilities that the EEC Commission was having to assume. Its requests for staff had met with a reply from the Council to the effect that it should reorganize its departments and make many transfers. In view of the Commission's insistence, the Parliament was bound, so as to press the Council to re-examine its position, to table an amendment which, under the budgetary procedure, would require the Council to

take a second vote on the budget. The rapporteur asked what was behind this question of staff. Did the Council sincerely want the common agricultural policy decisions to be given practical effect or did it envisage gradually depriving the Commission of its responsibilities and entrusting to national officials duties which, under the Treaty, were the province of the Commission.

The rapporteur also drew the Parliament's attention to the substantial credit ear-marked to offset differences in bank rates. Indeed certain texts required that payments be made in national currencies at the rate ruling on the day of payment, after the inclusion of the estimates at the official rate of the accounting unit. The rapporteur agreed with the Budget and Administration Committee that contributions should be worked out in accounting units to put an end to financial manipulations. This would moreover clearly show that the accounting unit foreshadowed the European payment currency.

Mr. Charpentier then called for a double check on the Community's operating expenditures: a technical control over financial interventions and political control over budgetary estimates. The shortcomings that the rapporteur noted led him to ask 'Is Europe democratic? Is it a Community? Is it making progress?'

Speaking for the Socialist Group, Mr. Dehousse (Belgium) realized that ministerial crises had kept delegates in their respective countries and that it would be impossible to follow the procedure established over the last two years in taking the vote on the budget, i.e. by roll-call, assuming a majority was present and two-thirds of the votes were cast. He thought it was high time that the Parliament were elected by universal suffrage if it wished to be a living institution and discharge its responsibilities. With reference to the budget itself, he said that the most serious criticism that could be made was that, under present conditions, it was not subject to any genuine democratic control on the part of the Parliament. The Socialist Group would, however, vote for the budget and the amendments proposed. It would do so without enthusiasm with the sole object of not compromising the work of the Community.

Mr. Troclet (Socialist, Belgium) supported the inclusion in the budget of credits for the crash training programme and of credits for the sulphur miners in Italy. He deplored the silence, on the Council, of the Ministers for Social Affairs; this had lasted for more than two years.

Mr. Levi Sandri, Vice-President of the EEC Commission, stated that the credits and staff asked for were the absolutely essential minimum for the execution of the tasks entrusted to it. The Commission had already made considerable efforts to reorganize its departments. It had already made a selection as to priority activities. The cutback in credits decided upon by the Council meant the Commission was unable to guarantee that all the work would be done within the time-limits set by the Council. As for the rate of exchange, he felt that it would be difficult to change the financial regulations. The practice of taking the rate of exchange as on the day in question was a reflection of the rule applied by the issuing institutions themselves, for operations of this kind.

Mr. Mansholt, Vice-President of the EEC Commission, said that the size of the Community's agricultural budget should not be exaggerated. The sums included for agriculture had, in most cases, been struck out of the national budgets. He spoke at length about the credits needed to recruit staff. He regretted that the Parliament had not fully supported the Commission on this and that it had been content to call for a further discussion between the Council and the Commission. In his opinion the inadequacy of the posts granted would lead to serious delays in implementing the Council's decisions.

Mr. de Block, President in Office of the Councils, said in reply to the various speakers that the Councils had endeavoured to strike a balance between the exigencies that stemmed from the Community's activities and the financial possibilities offered by the budgetary policies of the member States. He said that the Ministers for Social Affairs would meet on the Council on 19 December and that they would examine the question of assistance to the sulphur industry workers. The necessary expenditure would then be the subject of a supplementary budget. As regards staff, the President of the Councils again called upon the Commission to effect reorganizations with a view to a greater output. He pointed out that the technical control of expenditure would be stepped up and that the Council decisions had always been the subject of estimates as to their financial implications, which allowed for political control. He thought it was vain to hope there would be any change in the Treaties, in terms of increased control by the Parliament over Community expenditure, before 1970. As to whether Europe was a Community, it sufficed to recall that the crisis of 1965 had not prevented the finalization of the common agricultural policy.

Following the debate, the President of the Parliament put the various sections of the budget to the vote; three amendments had been moved.

The first amendment called for the inclusion of a new head in the budget; 'Special measures on behalf of Italy because of the disaster it has suffered - for reference'. The second amendment concerned the EEC Commission staff lists and its main purpose was to induce the Council and the Commission to re-examine the number of posts needed. The third amendment introduced a proposal for a credit of 384,500 accounting units to be blocked until no later than 1 July 1967, for (a) scholarships to promote the occupational training of the children of Italian sulphur industry workers and (b) for the implementation of an accelerated, joint, occupational training programme to obviate shortages of skilled labour in the Community. The draft EEC budget for 1967, thus modified, was at once passed by the Parliament. It also returned a favourable Opinion on the draft resolution submitted by the Budget and Administration Committee which embodied all the arguments set forth by the rapporteur.

5. Budgetary questions affecting the European Parliament

The provisional estimates of the European Parliament's expenditure for 1967, embodied in Euratom's draft operating budget, were the subject of a special report (1) drawn up for the Budget and Administration Committee by Mr. Battaglia.

The rapporteur examined the two changes that the Parliament wished to make to its provisional estimates; these had been passed by the Council at its first examination of the budgets. The first would spread the total appropriation included in the estimates for the occupation of the administrative building (built on the Kirchberg plateau in Luxembourg) over the different heads in Chapter IV concerning buildings. Secondly, the Parliament pressed the Council to allow two posts in Grade A and seven posts in Grade C to be changed to enable the Parliament to give certain members of its staff the grad-

(1) Doc. 135/1966-67

ing they deserved.

Mr. Battaglia submitted his report at the public session on 29 November 1966. Mr. de Block, President in Office of the Councils, replied to the arguments put forward by the rapporteur on changing posts. He pointed out that in previous years the Parliament's organization chart had not made it impossible to promote officials who deserved it and that it was unnecessary to increase the number of promotion opportunities. He thanked the rapporteur for the details given concerning the appropriation planned for renting the Kirchberg administrative building.

After the short debate, the Parliament adopted two resolutions, without opposition. The first divided up the appropriation of 300,000 accounting units for buildings and the other embodied a decision to change its staff lists in line with the proposals submitted by the rapporteur.

6. The EAEC's operating budget and other budgetary questions affecting Euratom

Under the Euratom Treaty, the Council shall lay before the Parliament, not later than 31 October each year, two draft budgets: the research and investment budget and the operating budget of the European Atomic Energy Community.

On 21 November 1966, the first draft budget had still not been laid before the Parliament. The operating budget on the other hand showed an increase, as is the case every two years, due to the incorporation of the preliminary estimates of the common institutions and services.

This draft budget was referred to the Budget and Administration Committee which appointed Mr. H. Merten (Socialist, Germany) rapporteur (1). Mr. Merten began by criticizing the Council's refusal to grant the Euratom Commission all the new posts that it had requested to discharge its health protection responsibilities and to carry out its control activities. The argument based on

(1) Doc. 133/1966-67

the rationalization effects expected to result from merging the Executives did not appear to be relevant. The work in question would still have to be done after the merger in the same way as before.

The rapporteur considered that both the old and the new rents were excessive. On the other hand he felt it would not have been impossible to make certain savings on the credits appropriated for publications.

With reference to the Supply Agency, the rapporteur referred to the Euratom Commission's proposals to amend certain provisions in the Chapter on supplies; he found it regrettable that the Council had so far taken no decision because one of the member States wished to change the structure of the agency.

He then went into the expenditure of the common services and supported the Legal Service's request to include two Grade B posts which would relieve Grade A officials of executive tasks. The inquiries planned by the Statistical Office seemed to him to be too costly. He was particularly surprised to see that the Statistical Office was making studies into studies, compiling statistics on statistics and giving a wide diffusion to studies of interest only to a limited number of initiates. With regard to the Joint Press and Information Service, he referred to the European Parliament's recommendation to the Executives and to the Councils to organize detailed discussions prior to each debate on the annual budget on the importance and the nature of the work done by the Service. He found it hard to understand how it was possible to establish the expenditure of this Service without such prior discussion. There was one positive factor to stress: there had been an increase in the appropriation for the expenditure on information, popularization and participation in cultural events open to the general public and in the credits ear-marked for continuation training courses for adults. This was in line with the wishes expressed by the Parliament in its Resolution of 9 May 1966.

The rapporteur then outlined the preliminary estimates for the Parliament, the Court of Justice and the Councils. He referred to a memorandum addressed by the High Authority to the Committee of the Four Presidents on a new agreement on the key for apportioning the expenditure of the General Secretariat of the Councils between the three Communities. This new apportionment key could provide financial relief to the ECSC at a time when

its expenditure was increasing and its income from the levy falling. The reduction would be consistent with the reduced amount of work done by the Secretariat with special reference to the ECSC.

Mr. Merten's report was submitted and discussed at the public session of 29 November 1966. Mr. Aigner (Germany) addressed the President of the Councils on behalf of the Christian Democrat Group. He pointed out that the Council should act more as a Community body than it had done in the past. With reference to the Research and Investment Budget, he came out against the present dangerous trend among the member States of conducting their research work separately. This attitude was ill-advised because unless the efforts made were coordinated, the opportunities open to the individual States would be limited; this attitude, furthermore, would not fill the gap opening up at the European level. The lack of any decision highlighted one of the Council's fundamental shortcomings. It had no basic policy. To remedy this would need time and effort. If the Council did not decide to make this effort, there was only one way in which the hopes placed in the European Community could be revived and that was by strengthening the Commission.

Mr. Margulies, a member of the Euratom Commission, explained that the Commission had once again to re-adjust the Second Five-Year Programme, in relation to the research and investment budget for 1967. Appropriations for fast reactors had proved inadequate because of an increase in construction costs. As for the third research and investment programme, the Commission had abstained from encroaching upon the prerogatives of the single Commission. During the summer, however, when it had learned that the merger of the Executives might be held back, it had set up a working party to draw up this programme.

Mr. de Block, President in Office of the Councils, said that the High Authority's memorandum on the division of the expenditure of the Secretariat of the Councils would be examined. He did not, however, share the Parliament's optimism that the draft research and investment budget would be adopted this year.

Following the debate, the Parliament adopted the Euratom operating budget and the preliminary estimates for the common institutions and services as amended in line with the resolution adopted after the submission of Mr. Bat-

taglia's report. It then came out in support of the draft resolution submitted by Mr. Merten following his report.

This resolution incorporated the arguments outlined above. It is worth pointing out that the Parliament asked the Committee of the Four Presidents and the Councils to re-examine, with a view to an equitable revision, the share in the expenditure of the General Secretariat of the Councils borne by the ECSC. It also trusted that the decisions now pending before the Council on an increase in the corrective co-efficients applicable to the remuneration of officials and agents of the Community and those relating to 'Expo 67' in Montreal would be supplemented by provisions incorporating a corresponding increase in the budgetary appropriations under these heads.

7. Supplementary operating budgets of the EAEC and the EEC for 1966

On 21 October the European Parliament adopted a resolution establishing provisional supplementary estimates of its expenditure and resources for 1966.

These additional preliminary estimates showed income and expenditure amounting to 269,000 accounting units. Its purpose was to meet the additional expenditure resulting, on the one hand, from the decisions taken by the budgetary authorities on the corrective coefficients for salaries and, on the other, from the increase of the contributions made by the European Parliament to the sickness insurance scheme.

To cover this expenditure it was not necessary to increase the contributions of the member States and the ECSC because various receipts had come in from the partial liquidation of the Provident Fund which was set up before the Service Regulations were introduced.

The two draft supplementary budgets then before the European Parliament simply drew the relevant conclusions, from these supplementary preliminary estimates, for the EEC and for the EAEC.

The Budget and Administration Committee appointed Mr. V.

Leemans (Christian Democrat, Belgium) rapporteur (1). Mr. Leemans had no comment on the two draft supplementary budgets and asked the Parliament to approve them. The Parliament did so at its public session on 29 November 1966.

8. The Association Agreement between the EEC and Nigeria

On 29 and 30 November, the European Parliament discussed the report (2) drawn up for the Committee for Co-operation with the Developing Countries by Mr. L. Moro (Christian Democrat, Italy) on the Agreement establishing an Association between the EEC and the Republic of Nigeria.

The Committee proposed no amendments; it trusted that the Agreement would come into force at an early date. It confined its attention to explaining the Parliament's attitude to the Agreement and to offering general guidance to the institutions concerned; it also provided useful information for the national parliaments which would be called upon to ratify the Agreement.

The Committee took exception to the procedure adopted by the Council. Under the Treaty the European Parliament had to be consulted. In this instance the consultation had been a mere formality. It had also taken place very late in the day. The Parliament had to be associated in the conclusion of Agreements at some practical stage in the procedure. Still with reference to procedure, the Committee had definite reservations as to whether there was any real need for the Parliaments of the member States to ratify the Agreement with Nigeria. This Agreement was wholly within the terms of reference of the Community and should therefore only have been concluded by the Community without reference to the parliaments of the member States for ratification.

The Rapporteur then went back over the negotiations between the EEC and Nigeria and outlined the Agreement itself. Its purpose is to step up economic relations between the contracting parties: through a phased

(1) Doc. 147/1966-67

(2) Doc. 134/1966-67

abolition of customs duties and of taxes having an equivalent effect and through the removal of quantitative restrictions on Nigerian exports to the EEC member States. With reference to cocoa, certain woods and oil seeds, however, the EEC customs duties are to be abolished only within tariff quotas. The Agreement is not completely reciprocal because Nigeria is to dismantle her customs only with respect to certain EEC imports. Nigeria may also continue to apply or introduce customs duties or taxes having an equivalent effect with regard to these products (a) in order to meet the exigencies of Nigeria's development and industrialization or (b) if their purpose is to consolidate its budget. These special provisions apply to agricultural products to come under common market organizations in the Community; there are also special provisions concerning the right of establishment, the supply of services, payments and capital movements. Institutionally speaking, a Council of Association is required to ensure that the aims of the Agreement are fulfilled. The Lagos Agreement will be valid until May 1969. A year before it expires, however, the Community and Nigeria will examine what provisions might be laid down for a further period.

The rapporteur noted that the Lagos Agreement was very similar to the Yaoundé Convention with respect to trade, the right of establishment of the free movement of capital; but it provided no form of financial assistance and its institutional provisions were more flexible.

The Committee looked into how the Agreement's provision for contacts between the European Parliament and the Parliament of Nigeria might be put into application. It agreed with the Political Committee that the form of these contacts, whether regular or occasional, could not be worked out at this juncture in view of the situation currently prevailing in Nigeria. It therefore envisaged suggesting to the European Parliament that it should not adopt any final position with reference to the application of Article 26 of the Lagos Agreement until it had been possible to examine and resolve this issue by joint agreement with representatives of the Parliament of Nigeria.

The rapporteur then examined Nigeria's position as a trading partner of the EEC. It agreed with the Opinion of the External Trade Committee that Nigeria was for the EEC an important trading partner.

In conclusion, the Committee was glad to be able to return a favourable Opinion on the Lagos Agreement - the first Association with an African country that had previously had no special relations with the member States. The conclusion of this Agreement was also of the greatest importance for the Associated African and Malagasy States in so far as it could contribute towards consolidating intra-African co-operation. It was also worth emphasizing the importance of this Agreement as a model for the relations which the Community could establish with other African countries.

The Committee felt that the structure of the Agreement was adequately balanced. The Community could be gratified in that, in establishing this important Association with Nigeria, whose population was the largest of any country on the African continent, it had given a fresh impetus to economic co-operation and to friendship between Europe and Africa and in that it represented a further contribution in the struggle against economic under-development and lastly in that it reflected a genuine sense of international solidarity.

After the submission of the report by Mr. Moro, rapporteur, Mr. Briot (EDU, France) explained the attitude of the External Trade Committee whose Opinion had been consulted.

Speaking for the Socialist Group, Mr. Carcassonne (France) endorsed the report, emphasizing the political import of the Lagos Agreement which would enable Nigeria to develop close relations with the Community. The Agreement could probably be used as a model in developing relations between the Community and other countries of Africa and even Latin America. The Socialist Group had certain reservations, particularly concerning the procedure for consulting the Parliament. Despite this, it approved the conclusion of the Association Agreement between the Community and Nigeria.

Mr. Dehousse (Belgium) made clear that the agreement of the Socialist Group did not mean there had been the slightest change in its attitude on the consultation procedure with respect to association agreements. The Socialist Group considered that the Parliament must be consulted prior to their signature. The arrangements still had to be worked out but these should enable the Parliament to exercise an influence. The spokesman for the Socialist Group also criticized the procedure whereby the approval of the Six national parliaments was to be

sought. The Treaty of Rome laid down that the European Parliament should be consulted; this, to eliminate the intervention - to give their approval - of the national parliaments. This and the fact that diplomatic representatives had intervened side by side with representatives of the Council of the Community at the signature showed that the Council had abandoned the Community concept and had returned to diplomatic procedures approximating to the traditional ones which were not those that the authors of the Treaty of Rome wanted. Lastly, Mr. Dehousse felt that it was for the Governments of the Six countries to decide, bearing in mind the conditions prevailing in Nigeria, whether to proceed to the ratification of the Agreement and whether to put it into effect. As for the European Parliament, it would have fulfilled its constitutional obligation in giving its Opinion.

Mr. de Block, President in Office of the Councils of Ministers, welcomed the Agreement with Nigeria. In reply to criticisms of the procedure adopted by the Council, he thought that it was the one most consistent with international usage. The actual participation of the member States in the signature of such Agreements was required by their laws and also indicated their interest in the realization of these agreements.

Mr. E. Martino (Christian Democrat, Italy) Chairman of the Political Committee, also stressed the importance of the Parliament's being consulted prior to the conclusion of association agreements in the name of the Community. An a posteriori Opinion on the part of the Parliament was meaningless. Appropriate arrangements had to be worked out as soon as possible so that the Parliament might be able to give a really useful Opinion.

Mr. Rey, a member of the EEC Commission, stated that the Commission fully shared the European Parliament's viewpoint with regard to procedure.

In the resolution which it adopted at the close of the debate, the European Parliament approved the text of the Agreement, trusting that it would come into force as soon as possible. It expressed reservations on the Council's interpretation of the provisions of Article 238 of the Treaty concerning the consultation of Parliament.

9. Medium-term economic policy

On 21 May 1966, the Council consulted the European Parliament on a draft medium-term economic policy programme for 1966/70.

Although the Economic and Financial Committee was glad that the draft programme had come out, it took the view in its report (1) that the document concerned only gave general guidance, that it was not concrete enough and that it left a number of gaps. The report criticized the plan and the way the programme was presented; it proposed certain improvements. Obligations stemming from the Treaty, for example, ought to have been taken into account in the prognoses. Similarly the statistics were far from perfect. The Committee also considered that variants based on the various hypothesis should also be examined. The fact that the Parliament had come out against postulating objectives for individual sectors did not mean that it opposed an analysis of the development potential of the various branches of industry and especially those considered for support from the public authorities. Hence the programme fell short in that it referred neither to agriculture nor to the coal industry. The report argued that the ECSC and Euratom should be as closely associated as possible in the elaboration of the programme. The mandate given to the experts should be renewed without delay so that annual checks could be made and the programmes and prognoses could be kept up to date.

The report then reviewed the general guide-lines proposed in the draft programme. These concerned the labour market, investments, public finance, private consumption and regional policy.

With regard to the labour market, the Committee pointed out that the structural changes which would come about in agriculture through the final opening of the markets in 1967 and the implementation of the decisions taken on the Kennedy Round, had to be taken into account. The Commission had argued that structural reconversion (especially in agriculture) would offset the rising need for manpower resulting from economic growth.

(1) Report drawn up by Mrs. Elsner, Doc. 129/1966-67

The report dwelt on the need constantly to improve the occupational training of young people and deplored the fact that so little had been done in this field.

If the member States were to draw up broad public investment programmes covering periods of several years, this would give the general public a clearer insight into the nature of the investments needed and of the period they would cover.

The report came out against the view taken by most Governments that taxes should not be increased. It called for a reconsideration of subsidy policy and for the greatest possible thrift in all areas of public consumption. The persistent shortage of capital left only a slim margin for financing by public investment. Consequently a common capital market would have a decidedly stimulating effect and this was a further reason why the member States should increase taxation. Indeed this followed naturally from the underlying imperative of economic growth.

To avoid thwarting the Community's aim of fiscal harmonization, taxation would have to be increased in those member States where the taxes on production were low and income tax and capital tax increased in others. Given that capital tax was usually prejudicial to saving, the report explicitly recommended tax policy measures designed to encourage saving, especially among wage-earners. In any event taxation policy had to take the situation into account. The report pressed the EEC Commission for concrete fiscal policy proposals without delay.

The Economic and Financial Committee asked the Commission and the Governments if it were not possible to make the beneficiaries of collective investments play a more direct part in financing them.

The appropriate means for checking the growth of private consumption were a moderate incomes policy and savings incentives. Without wishing to underestimate the value of an incomes policy, the Economic and Financial Committee noted that no feasible method had yet been worked out whereby all forms of incomes could be brought within the framework of such a policy. The Committee recognized that the success of a medium-term programme depended, to a large extent, on the consent of the social partners and on the attitude they adopted.

The report also recommended that the workers should be involved in investment and profit from it. The Committee hoped that a later programme would include concrete proposals as to how workers could accede to productive investment.

With regard to regional policy, the report called for programmes covering periods of several years for every region and, with regard to the remaining points, referred to the report (1) that the Parliament had adopted earlier in the year.

In addition to Mrs. Elsner (Socialist, Germany) the rapporteur, the following also spoke in the plenary session debate on 30 November: Mr. van Campen (Netherlands), Mr. Bersani (Italy), Draftsman of the Opinion of the Social Committee; Mr. Oele (Netherlands) and Mr. Gerlach (Germany) spoke for the Christian Democrat Group, Miss Lulling (Luxembourg) for the Socialist Group, Mr. Battaglia (Italy) for the Liberal and Allies Group and Mr. Borocco (France) for the European Democratic Union.

Mr. Marjolin, Vice-President of the EEC Commission, Mr. Coppé, Vice-President of the High Authority and Mr. Margulies, a member of the Euratom Commission also spoke, as did Mr. Pedini and Mr. Sabatini (Italy), Mr. Riedel and Mr. Dichgans (Germany), Mr. Armengaud (France) and Mr. De Clercq (Belgium).

The Christian Democrat view was that the medium-term planning arrangements should be geared to the principle of full-scale intervention at strategic points. During the next five years a policy would have to be brought in, in co-operation with social partners, which checked public and private consumption to the benefit of investments. Public investments, moreover, had not to be made at the expense of private investment. The Group trusted that a study would be made of fiscal facilities for private investments and of the possibilities of a capital policy for workers.

The Socialist Group thought it necessary to make prognoses for the various branches of the economy, to draw up a programme covering sectors in which the Community might create appropriate machinery, especially ship-building, cars, chemicals and textiles. The Socialists supported the principle of 'capital-forming', provided that workers

(1) Report by Mr. Bersani, Doc. 47/1966-67

and their organizations were also able to benefit.

The Socialist Group considered that an economic plan must foster economic expansion and social progress. If the professional organizations were asked to co-operate in introducing an incomes policy, they had to play a real part in the elaboration, finalization and application of the planned economy.

Lastly, it found it regrettable that there was no provision in the programme for a system of qualified professional consultations on behalf of the workers.

The Liberal and Allies Group was opposed to price control. Social policy had to take economic potential into account. The Group also recommended promoting investments in basic services in the developing countries.

The European Democratic Union Group rejected the suggestion that the EEC Commission and its experts should have greater freedom of action. It felt that since the Medium-term Economic Policy Committee had been set up by the Governments, this was the competent body. The spokesman for the Group thought that it would be wrong, in the context of the project, to transfer responsibilities for regional policy to the EEC Commission. The EDU considered the programme as being, above all, a matter for inter-governmental co-ordination on economic policy.

Mr. Riedel wanted the EEC Commission to analyse the whole range of national subsidies. He said that services supplied should also be based on market prices.

Mr. Armengaud asked the Commission for an analysis, made on a regional basis, of the various branches of the economy showing, in particular, the rates charged in each. He also asked for an inventory of the means of production. He said that only if work were divided nationally and regionally in terms of the human, material and financial potential would Community industry overcome the difficulties with which it was at present wrestling.

The spokesman for the EEC Commission was aware that the programme was still not a genuinely Community plan but the fact that the national Governments had more than once been induced, when they came to compare their respective programmes, to change their original views augured well for a Community programme.

As for setting up a European planning office, Mr. Marjolin

did not see how this could be done in the near future. The Committee had not drawn up variants for reasons that were mainly technical, he said.

With reference to the incomes policy, he pointed out that this would perhaps run into difficulties but without it, it would never be possible to achieve relative stability and full employment.

With regard to access to productive investment on the part of workers, the speaker, who supported this idea, pointed out that the savings-bonus, which the employer would have to add to the wage bill, would increase production costs.

The EEC Commission did not advocate price control; it nonetheless recommended that price levels should be watched. Although economic expansion was a prerequisite for social progress, it was not always all that was required. It might be necessary for the public authorities to intervene, in some cases, to restore the balance.

With reference to the participation of workers in the medium-term economic policy, he thought that the body set up for this purpose, the Economic and Social Committee, provided sufficient guarantees on this point.

It was almost impossible to lay down any binding objectives for special industries in a market as relatively open as that of the EEC. Competition between countries and between products also made it impossible, in a complex economy, to lay down aims for industries in competition with each other. The policies for individual sectors, however, had, as far as possible, to be Community policies.

The first duty of the public authorities was to achieve a sound economic balance by making judicious use of the various instruments of economic policy.

In the resolution (1) which embodied the main conclusions of the report, the Parliament considered that a high (and increased) level of public and directly productive investment was essential to economic growth and to safeguarding the internal and external balance of the economy. It pressed for prognoses and public investment

(1) 30 November 1966

programmes covering periods of several years.

The Parliament also felt that a 'property-owning' policy was needed to strengthen the capital market, to increase the propensity to save and to give the workers greater access to productive investment.

It called upon the Governments of the member States to give priority to widening their statistical coverage and to overhauling their forecasting techniques.

The Parliament thought it essential for the Community to have (a) a medium-term economic policy programme that dealt with structural problems, (b) a common policy for science and research and (c) the machinery for a comprehensive incomes policy.

The Parliament hoped that an action programme, involving concrete decisions on economic and social policy at the Community level, would be submitted for the last stage in the transition period.

Lastly, it urged the Council and the member States to follow the guide-lines laid down in the programme and to co-operate closely with all the interested parties, especially the social partners.

10. Oral Question on an association between Tunisia and the Community

In an oral question addressed to the EEC Commission, Mr. Dehousse asked for details about the negotiations concerning an association between Tunisia and the Community; he pointed out that Tunisia had submitted a request for association to the EEC on 8 October 1963.

He added that on 15 June 1965 the Council had given a mandate to the Commission to open negotiations; after three days of talks from 6 to 8 July 1965, it became clear that the Commission's mandate was inadequate and that its terms of reference had to be broader. On this last point, Mr. Dehousse asked the Commission what would be the substance of the new mandate being drawn up and when it would be approved by the Council.

Mr. Rey, a member of the EEC Commission, said in reply to Mr. Dehousse that negotiations concerning Tunisia's association with the Community had made no progress; there were a variety of reasons for this, including the crisis which the Community itself had been through. When these difficulties had been overcome and it was decided to open the negotiations, it was realized that the Council's mandate to the Commission was too limited to possibilitate resolving the issues arising and furthermore, that it would be preferable to deal with the problems of Tunisia at the same time as those of Algeria and Morocco. The Council agreed with the Commission and the latter had undertaken to examine these problems in greater detail.

This examination had proved more difficult than anticipated and it had only been after lengthy discussions that the Commission had succeeded in finding a unanimous agreement on the proposals to lay before the Council of Ministers.

It was reasonable to assume, said Mr. Rey, that the Council of Ministers would take a decision towards the end of February.

In reply Mr. Dehousse said that although he understood the reasons given by the Commission, he felt it would be more advisable to deal separately with the various problems in order that the task might be made lighter.

11. Monetary policy

The view taken in the report (1) of the Economic and Financial Committee was that the tasks facing the Community in the field of monetary policy were becoming a matter of increasing urgency. Economic integration, it was felt, had reached the point where monetary difficulties in one member State were soon felt in another. Hence the need for co-ordination. The Community's cyclical and economic policies were gradually taking shape and called for a common standpoint, vis-à-vis third countries, in monetary matters.

(1) Report by Mr. Dichgans, Doc. 138/1966-67

Yet there was still much to be done. The long-term aim was a federal organization of the Community's central banks; this predicated the gradual removal of all the obstacles and involved creating favourable conditions.

The Community's most urgent tasks were: (a) the consolidation of rates of exchange, (b) the immediate reform of the system of payments within the EEC and (c) the integration of the national capital markets. On this latter point, the report drew attention to the obstacle constituted by differences in interest rates. Mr. Dichgans said that these were due to (a) inflationary trends, (b) the public authorities' demand for capital, (c) interest payments that had to be borne by the State, (d) subsidies paid to certain branches of the economy and (e) the artificial inflation in the demand for capital. Where the public authorities had to intervene, the interest payments system should be replaced by that of extending credits from public funds. Mr. Dichgans thought that the intervention of the public authorities on the capital market should be directed solely at creating a position of balance. It should be easy to create a European capital market if the national financial markets were overhauled. He did not think that exchange controls between member States would serve any useful purpose in the Community as it stood at present.

A European market could pave the way for a monetary union. As a first measure, the rapporteur proposed that a European currency should be minted in all the member States to cover petty expenditure.

With regard to international monetary problems, he felt that systems that involved the automatic creation of liquidities should be ruled out. The Community's accounting unit could become a new reserve unit.

He was in favour of a liberal attitude to direct foreign investment (because this frequently fostered technical progress) provided there were no discrimination between the Community and third country enterprises. He considered there were neither economic nor political grounds for the fear of an invasion by foreign capital.

Lastly the report advocated the creation of an insurance system covering the Community's capital exports against the various risks.

Mr. De Winter spoke in the debate for the Christian Democrat Group and Mrs. Elsner for the Socialist Group.

The following also spoke: Mr. Sabatini, (Christian Democrat, Italy), Mr. Breyne (Socialist, Belgium), Mr. Armengaud (Liberal, France) and Mr. Marjolin, who spoke for the EEC Commission.

Speaking for the Socialist Group, Mrs. Elsner took exception to the report's negative view of interest payments. These had proved necessary during the reconstruction period, and, bearing in mind that the laws covering them varied from one member State to another, it would be better to think in terms of interim measures for their gradual elimination so that the end result might be a more balanced operation of the capital market.

Mr. Marjolin thought that although the de facto monetary union resulting from the common agricultural policy was a reality, it was still not perfectly secure. As soon as there was complete freedom of capital movement, the national monetary policies would have to give way to a common policy. He thought that the level of savings in the EEC countries was adequate but that the use made of these savings was injudicious. With regard to foreign investment, the Commission thought that it was in the interests of the EEC to take in the greatest possible amount of foreign capital; certain psychological and political precautions were necessary, however, to preclude whole industries' coming under foreign control. Going on to discuss international monetary policy, Mr. Marjolin stated that it was not so much the creation of liquidities that should be a cause of concern but the risk of destroying existing liquidities. If the USA's balance of payments deficit persisted, it could not be ruled out that the conversion of dollar assets into gold might lead to the destruction of existing liquidities.

After the debate on an amendment on the long-term desirability of the interest payments system operated by the public authorities, the draft resolution was put to the vote.

In its resolution (1) the Parliament came out in favour of continuing the liberalization of the capital markets and of eliminating certain interventions by the public authorities likely to induce inflationary trends. As a first step towards a European monetary union, it recommended the minting of European coinage which would be valid in all the member States.

(1) 30 November 1966

The Parliament also trusted that the member States would continue to move closer together in their attitudes to international monetary problems including that of improving the present international monetary system and that they would, by acting as a Community, contribute towards co-ordinating monetary and financial policies within the Organization for Economic Co-operation and Development and the International Monetary Fund.

Lastly, the Parliament trusted there would be an increase in the capital exported by the Community; it was gratified to learn that the EEC Commission was studying how insurance against the risks involved in such exports could be standardized.

12. Organizing world markets for agricultural products

On 1 December, the European Parliament discussed a report drawn up for the Agricultural Committee by Mr. Lückner on problems connected with organizing world markets for agricultural products, especially cereals (1).

Mr. Lückner, (Christian Democrat, Germany) said that after a lengthy examination, the Agricultural Committee had come out in favour of a world agreement on cereals designed to achieve and maintain a balance between supply and demand. He added that an attempt had also been made to draw up a programme for assisting the developing countries so that the latter might be able to organize their agriculture with the aid of the EEC. This would help towards a long-term solution to the world hunger problem. With reference to the Kennedy Round, he said that in the last twenty years the volume of the United States' trade on the world market had been steadily increasing; in contrast, Europe's had remained stationary. This was why the United States, an exporting country, had asked the importing countries for a guarantee that they would import specific quantities. Mr. Lückner felt that this request should be rejected because negotiations had to be conducted concerning the production policy of all the GATT contracting parties and not only on the import policy of some of them. He stressed that because of the

(1) Doc. 136/1966-67

support measures in force in the United States, the reference prices proposed by the EEC (\$2.5 to \$3.5 per ton for wheat) should be re-examined. He added that the reference price should be so calculated that the United States might be able to sell on the world market without subsidizing their production. He said that a relationship had to be established between the prices of wheat and fodder cereals. He argued that a consolidation of support levels over a period of three years would represent too heavy a burden. He concluded that the world cereal agreement proposed by the EEC should be directed primarily at achieving and maintaining an international balance between supply and demand.

Speaking for the Socialist Group, Mr. Vredeling (Netherlands) said that efforts should be directed at bringing the Kennedy Round to a successful conclusion; but to achieve this objective national considerations should be put on one side. In this connexion, he took the view that the draft resolution appended to the report by Mr. Lucker went too far. He argued that it had been ill-advised, for example, to deal in the report with the problem of reviewing the reference price for wheat. This was a matter for the negotiators and not for the European Parliament which would be called upon to pronounce on the final outcome to the negotiations at a later stage. Mr. Vredeling disagreed with the Council of Ministers in seeking to make available to certain countries 500,000 tons of wheat. He criticized the EEC Commission for having taken no positive steps - it had decided to intervene only if the member States met more than 90 per cent of their own supply needs. The principle of aid, he said, was not an obstacle to a world agreement on cereals. The '90 per cent' clause had simply to be eschewed. Mr. Vredeling concluded by saying that the Socialist Group opposed the resolution, but that it would abstain from voting because it did not wish to be regarded as hostile to the interests of agriculture.

Speaking for the Liberal and Allies Group, Mr. Lefebvre (Belgium) endorsed the resolution. He argued that it ought to be possible to review the reference price. He felt that it might be hazardous from both economic and social standpoints to consolidate prices over too long a period. He stressed the disparity between farm incomes and other incomes; this was because production costs in agriculture had risen much more rapidly than selling prices. He added that the farmers were now demanding if not equality at least an approximation of their economic

and social situation to that of other branches of economic activity. Lastly he hoped that a solution would be found to the problem of agriculture, in the interests of the Community's economic stability and social tranquility

Speaking for the European Democratic Union, Mr. Briot (France) found it regrettable that the exporting countries were taking part in the Kennedy Round whereas the importing countries had not been brought in on the negotiations. He said it must be remembered that many countries, especially in Asia, were suffering from famine and that something must be done to help them. He hoped that the countries of the west would help the developing countries to make good their deficits by paying a fair price for the products they bought from them. Lastly, indicating that his Group would vote in favour of the resolution, he said that the EEC should not keep agricultural prices at the 1964 level for a specific period because costs inevitably rose.

Speaking for the Christian Democrat Group, Mr. Sabatini (Italy) endorsed the report by Mr. Lucker. He said that the EEC should add a political qualification to its stipulation for an agreement on the world markets so that trade might be organized in terms of a sounder economic and production balance. He considered that the principles of a planned economy should be accentuated and become a distinctive feature of Community trade relations at the international level. He said that the EEC was not aiming to obtain privileges or to preserve its advantageous position through the Kennedy Round. The EEC proposals - reference prices for agricultural products, adequate subsidy arrangements, surplus disposal policy - were a practical and realistic contribution to a better balance on the world market for agricultural products.

Mr. Mansholt, Vice President of the EEC Commission, fully endorsed the report by Mr. Lucker. He rejected the criticisms that the EEC was protectionist; no group of countries, comparable in size with the Community, had increased its imports to the same extent as the Six. He argued that the best solution to the problem of world hunger did not consist in a large-scale food assistance programme on behalf of the countries suffering from famine. The EEC had set an 'own supply' limit of 90 per cent and it had stated its readiness to send surplus production to the countries in need. He said that this was in line with the GATT aim of ensuring that surpluses did not disrupt the world market. He said that the Commission was ready to modify its attitude to world refer-

ence prices for cereals but he added that the price relationship between wheat and fodder cereals had to be stabilized; in any event, the present price relationship had to be improved upon. Lastly, he regretted that the Socialist Group had not supported the draft resolution and asked whether this meant that the Socialist Group took a negative attitude with regard to the Commission's mandate or to the position it had adopted in Geneva.

In reply to these questions, Mr. Vredeling again explained the reasons for the Socialist Group's opposition to the report by Mr. Lückner. He pointed out that the EEC Commission had received its negotiating mandate from the Council of Ministers. His Group was not opposed to the policy pursued by the Commission. In conclusion, he said that his Group could not vote in favour of points 4 and 5 of the resolution (review of the consolidation of support measures and new commitments to the farmers).

Speaking in his personal capacity, Mr. Boscary-Monsservin (Liberal, France), Chairman of the Agricultural Committee, said that he would vote for the draft resolution. He said that once a common agricultural policy had been worked out, this should be applied through negotiations to relations with third countries so that world agreements, especially on cereals might be reached. He said that if the idea of guaranteed access to markets were rejected, it would be necessary to consolidate the amount of support paid. He added, however, that setting the 'own supply' rate at 90 per cent was in fact a return to the principle of guaranteed markets which had previously been rejected. Consequently the EEC Commission had to set the reference prices at a higher level than before so as to defend Community agriculture at the negotiations in Geneva.

Mr. Mansholt said that none of the contracting parties would agree to consolidating agricultural prices for six or seven years: the problem was therefore still one of how long reference prices should be set for. He added, however, that the farm prices in the Community were independent of world market reference prices. The whole problem was one of securing an abolition of export subsidies on the part of the United States and Canada.

Mr. Lückner, rapporteur, thought that those members of the Parliament who disagreed had every right to vote against the text proposed. In reply to Mr. Boscary-Monsservin, however, he argued that the 'own supply' solution was the best one, even though it might involve certain risks.

The European Parliament then voted on the resolution. At the request of Mr. Vredeling, they did this paragraph by paragraph and the resolution was passed by a majority. This stressed the need to stabilize world agricultural markets by consolidating the amount of support paid; it suggested that the international reference price for wheat proposed by the Community should be reviewed because it was too low; it trusted that a more precise relationship would be set between wheat and fodder cereal prices; it stressed the disadvantages that might result from consolidating the amount of support over a three year period - this would involve 'freezing' the common cereal price level set on 15 December 1964; it trusted that these disadvantages would be kept within reasonable limits or else offset by an adequate support programme; it considered that the world agreement on cereals should come into application for an initial period of two years, i.e. up until the end of 1969; it suggested that prices be reviewed, before the agreement was signed, in the light of changes that occurred in the interim; it observed that the contracting parties to the General Agreement should bear in mind the problem of food aid for the countries with low revenues; it approved the Community proposal to base the multilateral food aid programme on the extent to which countries covered their own food needs.

13. Social developments in the Community

At its session on 1 December, the European Parliament examined the report and draft resolution drawn up for the Social Committee by Mr. Müller on the EEC Commission's report on social developments in the Community in 1967 (1).

The first Chapter of the report was entitled 'The economy and work' and dealt with economic expansion generally and its special effects on the active population. Whereas the gross national product had increased in real terms by 4 per cent during the period covered by the report (as opposed to 5.5 per cent in 1964), employment had slackened off slightly. This had been due mainly to structural

(1) Doc. 130/1966-67

difficulties in certain sectors (shipbuilding, the coal industry, the textile industry and, in some cases, the steel industry). In order to be able better to examine the problems arising from this situation, the Social Committee asked the EEC Commission to lay greater stress, in subsequent reports on social developments, on the problems raised by structural changes in the various industrial regions and their effect on employment levels.

With reference to the standard of living of the active population, the trend had, on the whole, been highly favourable. The Committee noted with regret, however, that the trend had varied very much from country to country.

Apart from the general position of incomes, the report also examined more specific matters such as the application of Article 119, access to productive investment and the problem of working conditions and working relationships. In this respect the Committee thought it unfortunate that the increase in the gross hourly wage rates for women workers in industry had been lower in the year covered by the report than that of the previous year and that it had even lagged behind the increases in wages for men workers in Germany and France. The Social Committee approved the measures concerning access to productive investment and noted with satisfaction that the parties to collective agreements were thinking increasingly in Community terms; it regretted that despite all the efforts made by the EEC Commission, progress towards harmonization had not been on the scale required by the common social policy.

The second Chapter concerned training and education. The Social Committee particularly thanked the Commission for its attempts to promote the occupational training policy along Community lines and its attempts to attenuate the most serious shortages by taking suitable measures. Efforts in the form of Community assistance towards improving occupational retraining in agriculture were given special mention. Despite the efforts of the EEC Commission, however, it had not yet been possible to co-ordinate the action taken within the EEC. As a first step towards harmonization, the Committee suggested that levels of instruction, teacher-training and adult education should be brought in line with each other. The Committee feared that a lack of policy in this section might, in practice, hamper the realization of the free movement of workers required by the Treaty.

The third Chapter dealt with the problems of social security. It welcomed the measures taken by the various member States because these represented a major step forward for those assured but the Social Committee found it regrettable, from the Community standpoint, that these measures had widened the general disparity. The Committee recognized that the EEC Commission had, through its recommendations to the member States, exercised a favourable influence on the activity of the social services on behalf of migrant workers. It regretted, however, that the Council of Ministers had still not taken any decision which would make it possible to use the resources of the Social Fund to improve the social services.

The fourth Chapter dealt with the policy for housing and families. Here too the Social Committee noted with satisfaction that the member States had taken a relatively high number of measures. The lack of a Community approach, however, was making itself felt. The Committee feared that the more the member States applied measures that were not co-ordinated, the poorer the prospect would be of reaching the stage of a common European policy for housing and for the family. Certain urgent measures, which would have made it possible to provide better housing for migrant workers, had not been taken; hence, serious difficulties might hamper the realization of the free movement of workers. Then again, the Social Committee regretted that the Council had still not acted upon the Commission proposal to use the resources of the Social Fund to build houses for migrant workers.

In the fifth and last Chapter, the Social Committee analysed the relationship between social policy and the crisis which occurred in June 1965. It was regrettable that the crisis was still manifest as regards social policy - the Ministers for Social Affairs had not met for two years. If the Ministers for Social Affairs did not take binding decisions soon, it was to be feared that the work of social harmonization would not be completed before the economic union came into being in 1970. At the worst, the Social Committee might envisage indicting the Council for a failure to discharge its responsibilities. In any event, considerable efforts had to be made to make up for lost time because decisions were still pending on the following:

- (1) improvement and enlargement of the provisions of the Social Fund;
- (2) crash occupational training courses;

- (3) extension of Regulation No. 3 to seamen;
- (4) measures to re-integrate the manpower affected by redevelopment in the sulphur mines;
- (5) equal pay for men and women;
- (6) improvement in and approximation of the laws on health protection and health and safety at work.

The debate which followed was opened by Mr. Pêtre (Belgium) who was speaking for the Democrat Group. He regarded the general trend in wages as satisfactory, but regretted the delays on the common social policy, especially concerning the reform of the Social Fund, the harmonization of social security systems, employment and occupational training policy and incomes policy. He trusted that a Community social policy programme would be drawn up and he asked that the medium-term economic policy programme should also include social policy.

Speaking for the European Democratic Union, Mr. Laudrin (France) explained why his Group was going to abstain when the vote was taken. Its main reason was that the EDU took exception to the severe criticisms of the Council of Ministers on its inaction in the social sphere. The EDU felt that the Treaty placed severe restraints on the competence of the Commission in this field and it feared that some of the proposals in the report by Mr. Müller went beyond the bounds allowed by the Treaty. The EDU, furthermore, did not think that a 'Community' solution was always desirable because it felt that bilateral agreements had often proved much more effective.

The spokesman for the Socialist Group, Mr. Darras (France) said he was also very concerned at the lack of progress in the social sphere; he feared that the workers might steadily lose interest in European integration if they found there was no practical progress in those areas which affected them the most directly.

Speaking for the Liberal and Allies Group, Mr. Merchiers (Belgium) stated that he did not think that economic integration would automatically lead to integration and harmonization in the social sphere. He laid greater stress on the need for a dynamic policy to eliminate the distortions resulting from disparities between the social security charges.

Mr. Sabatini (Christian Democrat, Italy) drew attention to the anomalies with regard to crash training courses

for workers. He thought that if a meaningful solution were to be found at the Community level, then the co-operation of the trade unions and management organizations should also be sought.

Mr. Levi Sandri, Vice President of the EEC Commission, replied in detail to the various speakers. He stressed that the EEC Commission was in no way responsible for the lack of progress on social policy. In order that an effective social policy might be drawn up and put into effect, he suggested that there should be much greater co-operation between the Commission and the Governments of the member States, for each had clearly defined responsibilities in the field of social policy.

The draft resolution adopted at the close of the debate incorporated the main points made in the report.

- (1) The European Parliament criticized the national Governments for their lack of co-operation on social policy whereas the EEC Commission had done everything it possibly could within the framework of the Treaty.
- (2) The Parliament also criticized the Council for being so inactive on social policy and asked that the Ministers of Labour and Social Affairs should resume their Community task as soon as possible.
- (3) Failing any response to this request, the Parliament indicated the possibility of indicting the Council for failure to discharge its responsibilities.

The Parliament expressed particular concern at the lack of progress in the spheres enumerated in the report (see above).

14. Regulation relating to the EAGGF

The Council referred to the Parliament a proposal for a regulation derogating from certain of the provisions of Regulation No. 17/64/CEE, the purpose of which was to extend the time-limit for submitting requests for help under the 'Guidance' section of the EAGGF and to exempt them from obligatory inclusion in a Community programme.

On 2 December, Mr. Vredeling (Socialist, Netherlands) submitted a report (1) for the Agricultural Committee in which he deplored the lack of progress in structural policy and social policy. There was a danger, he thought, that this would have an adverse effect on the market policy.

He asked the Commission to submit a report at an early date so that the Parliament might be able to ascertain who was responsible for the delay.

Mr. Mansholt shared the Parliament's disappointment. The delays, he said, were due both to staff shortages and to the practical difficulties encountered in drawing up structural policy outside the national frameworks. He envisaged, however, that a report would be submitted in 1968.

Mr. Mansholt also trusted that the Parliament would be able to exercise control over the use made of EAGGF funds and the way in which the Commission interpreted the relevant criteria, either within the framework of the annual report or in a special report.

In the resolution adopted without a debate, the Parliament came out in support of the Commission's proposal, for practical reasons.

1b. Common trading system for egg albumin and lactalbumin

Egg albumin, considered as a product in itself, is not subject to the regulation designed gradually to bring about a common market organization in the egg sector. Another constituent of the egg, that is the egg yolk, is, on the other hand, subject to this regulation. In practice, this has led to difficulties because the general regulation for the egg sector protects whites of egg if they are mixed with the yolks, but no longer protects them, except by means of a low customs duty, when they are put on the market separately.

The EEC Commission therefore decided to resolve this problem by adopting for egg albumin a trading system based

(1) Doc. 148/1966-67

on the system applicable for egg yolks, and by extending this system to lactalbumin because the latter could constitute an egg albumin substitute. The new system is solely concerned with egg albumin and lactalbumin intended for human consumption and therefore excludes its use for industrial purposes.

In a report (1) drawn up for the Agricultural Committee by Mr. Dupont (Christian Democrat, Belgium), the EEC Commission proposal was endorsed and the Parliament was called upon to return a favourable Opinion on this new regulation.

Speaking for the External Trade Committee, Mr. Bading (Socialist, Germany) on the other hand, had certain reservations about the regulation, in that it could create exporting difficulties for certain third countries.

Speaking during a discussion on 2 September, Mr. Bading nonetheless agreed, in principle, to the regulation although he still upheld his reservations.

The Parliament then returned a favourable Opinion on the proposed regulation.

16. Preservatives used in foodstuffs

The European Parliament was consulted by the Council of Ministers on a draft directive amending the Council directive of 5 November 1963 on the approximation of the laws of the member States on preservatives (diphenyl and similar products) used in foodstuffs (citrus fruits). On 1 December, the Parliament returned a favourable Opinion on this draft directive.

On 26 November 1965, this directive had already been pro-rogued until 31 December 1966.

Although the EEC Commission had continued its work throughout 1966, it had not been in a position to submit any proposal for a final directive for detailed examination by the Parliament and the Council before 31 December 1966. It stated, however, that this directive was being

(1) Doc. 137/1966-67

drawn up and that it would therefore be submitted to the two institutions in the near future.

In the meantime, the EEC Commission proposed a further prorogation, this time for only six months, i.e. until 30 June 1967.

In a report (1) drawn up for the Agricultural Committee by Mr. Kriedemann (Socialist, Germany), this prorogation was approved but the EEC Commission was urged to submit the final solution it proposed to the Parliament as soon as possible. This should offer every guarantee to the consumer without depriving him of the benefit of being able to consume citrus fruits during a substantial part of the year.

This favourable Opinion was adopted by the Parliament without a debate, after Mr. Dittrich, Chairman of the Health Protection Committee, had pointed out that his Committee still had serious reservations about the use of diphenyl.

17. The Association between the EEC and Greece

At its session of 2 December, the European Parliament discussed the report (2) drawn up for the Committee for Associations by Mr. Scarascia Mugnozza (Christian Democrat, Italy) on the recommendations of the Joint EEC-Greece Parliamentary Committee relating to the third annual report of the Council of Association covering the period 1 January to 31 December 1965.

The rapporteur requested that too long an interval should not elapse between the period to which the Association Council's report referred and the date of its publication. He felt that more frequent meetings between the rapporteurs of the Greek Parliament's Delegation and the European Parliament's Delegation were necessary. He then dealt with the different aspects of the EEC-Greece Association.

(1) Doc. 149/1966-67

(2) Doc. 142/1966-67

He began by noting the successful working of the Association's institutions and the steady progress towards the customs union. With reference to trade, the Committee was concerned at Greece's trading deficit although it did note that the Association had led to increased trade between the Community and Greece. A greater diversification of Greek commercial production had still not been possible. With reference to financial questions, the Committee pointed out that the procedure laid down in the Statutes of the European Investment Bank was extremely lengthy and that only a small proportion of the funds theoretically available for industrial investment had been employed because of the difficulties in finding projects on a commensurate scale. The Committee thought it both possible and desirable to co-ordinate EIB intervention and the procedure for extending loans with parallel action by the Greek Government and the Bank of Greece with regard to industrial development. The Committee approved the Community's decision to provide technical assistance to Greece in the latter's drawing up and introducing an industrial zone policy.

As for harmonizing the agricultural policies of the EEC and Greece, the Committee noted that an attempt was still being made to work out concrete solutions. It proposed that a Greek agricultural fund be set up along the lines of the EAGGF to which the Community would contribute; this would make for better co-ordination between the EEC and Greece on agricultural policy. The Committee stressed the need for a Community policy for tobacco; this was of particular interest to Greece.

As regards the free movement of persons and services, the Committee felt it was urgently necessary to draw up a technical and occupational training programme for Greek workers and to provide for co-operation between the Community's Economic and Social Committee and its equivalent in Greece. The Greek workers in the Community also had to enjoy the same working conditions and the same level of social security protection as Community workers. The Committee also stressed the importance of developing tourism, of promoting private investment in Greece and the desirability of envisaging joint action in organizing the markets of the Mediterranean area.

In conclusion the Committee noted that the Association between Greece and the European Community was progressing satisfactorily both as regards the institutions and economic integration generally.

After submitting his report, Mr. Lückner (Germany) who was speaking for the Christian Democrat Group, stressed that the institutions of the Association were functioning well. He emphasized the need to harmonize the agricultural policies of the EEC and Greece and stressed the difficulties involved; he also drew attention to the problems of modernizing the whole Greek economy.

Mr. Spénale (Socialist, France) Chairman of the Joint EEC-Greece Parliamentary Committee, stressed the positive factors in the operation of the Treaty and the progress made as regards the customs union; he noted, however, that Greece was not at present in a position to enter the Community.

Mr. Lückner, Mr. Spénale and Mr. Merchiers (Belgium) - the latter speaking for the Liberal and Allies Group - endorsed the report and the draft resolution on behalf of their Groups.

Mr. Mansholt, Vice-President of the EEC Commission, stated that the problem of harmonizing the agricultural policies of the EEC and Greece was the one that was the most difficult to solve. It would be a long time before Greece was in a position to harmonize its agricultural policy with that of the EEC.

In the resolution adopted at the close of the debate, the Parliament endorsed the recommendations of the Joint EEC-Greece Parliamentary Committee on the third annual report on the activities of the Association. It expressed its concern at the increase in Greece's trading deficit; it stressed that the Community would not fail to provide assistance towards a programme to modernize and streamline the structure of the Greek economy. The Parliament asked for the EIB interventions and private investment to be stepped up; it was convinced that if the problems of harmonizing the agricultural policies of the EEC and Greece were solved satisfactorily at an early date, it would be possible to modernize the structure of Greek agriculture; it trusted that a Community policy for tobacco would soon be drawn up; it stressed the need for programmes of technical assistance to Greece for its manpower and for training Greek workers; it asked that Greek workers, resident in the Community, might enjoy the same working conditions and the same level of social security protection as Community workers. Lastly the Parliament felt that the Community should promote co-ordinated action to organize the more sensitive markets in the Mediterranean area.

18. Health problems arising in connexion with imports of cattle, swine and fresh meat from third countries - Veterinary Committee

On 17 October 1966, the European Parliament referred the report by Mr. Hansen back to the Health Protection Committee so that it might be able to re-examine the proposals by Mr. Mansholt, Vice-President of the EEC Commission; this report dealt with health problems arising in connexion with imports of cattle, swine and fresh meat from third countries and with the setting up of a Veterinary Committee.

On 2 December, the Parliament discussed the supplementary report by Mr. Hansen (1) and the draft resolution appended to it. At the October session, Mr. Mansholt had come out against any provision designed to ban the import of-

- (a) cattle and swine from third countries
- which had been given antibiotics, estrogens or thyrostatics;
 - which had not been checked immediately before importation to ensure they were not suffering from thread-worm;
- (b) fresh meat from slaughtered animals
- which had been given antibiotics, estrogens, thyrostatics or tenderizers;
 - which had not been checked immediately before importation to ensure they were not suffering from thread-worm.

The Committee maintained that such provisions were essential to health protection.

After a further examination of the question, the Committee asked the Parliament to adopt the draft resolution without modification.

The Parliament again heard the viewpoints of Mr. Mansholt, Vice-President of the EEC Commission, and Mr. Dittrich, Chairman of the Health Protection Committee. It then passed the resolution.

(1) Doc. 139/1966-67

b) Work of the Committees in November

Political Committee (1)

Joint meeting with the External Trade Committee of 8 November in Paris under the chairmanship of Mr. Edoardo Martino: Adoption of the draft Resolution submitted by Mr. Pléven on the disaster suffered by Italy.

Discussion on negotiations between the Community and Austria and between the Community and Spain; Mr. Rey, a member of the EEC Commission was present.

Meeting of 9 November in Paris: Adoption of the Opinion submitted by Mr. Hougardy, to be referred to the Committee for Associations, on the recommendations of the Joint EEC-Greece Parliamentary Committee on the Association Council's third annual report on the activities of the Association.

Examination and adoption of the draft Opinion drawn up by Mr. Dehousse on the Association Agreement between the EEC and Nigeria.

Discussion preliminary to the drafting of a report (entusted to Mr. Faure) on the merger of the Communities.

External Trade Committee (2)

Meeting of 8 November in Paris: Examination of the problems involved in organizing world markets for agricultural products. Draftsman for the Opinion: Mr. Kriedemann).

Examination of the Association Agreement between the EEC and Nigeria. (Draftsman for the Opinion: Mr. Briot).

Examination and adoption of the draft Opinion drawn up by Mr. Moro on the recommendations of the Joint EEC-Greece Parliamentary Committee relating to the third annual report of the Association Council.

Examination of the amended EEC Commission proposal to the Council (pursuant to Article 149,2 of the EEC Treaty) for a Council Regulation on the phased introduction of a joint management procedure for quotas on imports into the Community.

Meeting of 21 November in Brussels: Examination and adoption of the draft Opinion drawn up by Mr. Kriedemann on the problems involved in organizing world markets for agricultural products.

Examination and adoption of the draft Opinion drawn up by Mr. Briot on the Association Agreement between the EEC and Nigeria.

Examination and adoption of the draft Opinion drawn up by Mr. Bading on the EEC Commission proposal to the Council on a Regulation introducing a common trading system with regard to lactalbumin and egg albumin.

Discussion on problems relating to the world steel market.

Examination of the draft Council directive amending the Council directive of 5 November 1963 on the approximation of the laws of the member States on preservatives used in foodstuffs; adoption of the Opinion on this matter - to be referred to the Agricultural Committee. (Draftsman for the Opinion: Mr. Kriedemann).

Agricultural Committee (3)

Meeting of 15 and 16 November in Brussels: Examination and approval of the draft report and the draft Resolution drawn up by Mr. Lückner on problems connected with organizing the world markets for agricultural products, especially cereals.

Examination and approval of the draft report by Mr. Vredeling on a draft regulation changing the time-limit for filing requests for assistance from the EAGGF (Guidance Section) for 1967.

Examination and approval of the draft report by Mr. Dupont on a draft regulation which would introduce a common trading system for egg albumin and lactalbumin.

First examination of the directive of 5 November 1963 on the approximation of the laws of the member States on preservatives used in foodstuffs.

Examination and approval of the draft Opinion by Mr. Briot, to be referred to the Internal Market Committee, on a draft directive on the approximation of the laws of the member States concerning the classification of un-worked timber.

Meeting of 13 November in Strasbourg: Examination and approval of a draft report by Mr. Vredeling on a draft Council regulation derogating from certain clauses in Regulation No. 17/64/EEC on the conditions governing EAGGF (Guidance Section) assistance for 1966 and 1967.

Examination and approval of a draft report by Mr. Kriedemann on an EEC Commission proposal to the Council on a directive amending the Council Directive of 5 November 1963 on the approximation of the laws of the member States on preservatives used in foodstuffs.

Examination and adoption of a draft report by Mr. Vredeling on an EEC Commission proposal to the Council for a Regulation on the EAGGF contribution to help make good the damage caused in certain regions in Italy by the disastrous floods in the autumn of 1966.

Social Committee (4)

Meeting of 8 November in Brussels: Examination and adoption of the draft Resolution by Mr. Muller on the Ninth Report on social developments in the EEC.

Resumption of the examination of the draft Council regulation on the application of social security systems to workers and their families who change their place of residence within the Community. (Rapporteur: Mr. Léon-Eli Troclet)

Meeting of 23 November in Brussels: Resumption of the examination of the draft Council Regulation on the application of social security systems to workers and their families who change their place of residence within the Community. (Rapporteur: Mr. Léon-Eli Troclet)

Meeting of 23 November in Brussels: Resumption of the examination of the draft Council regulation on the application of social security systems to workers and their families who change their place of residence within the Community. (Rapporteur: Mr. Léon-Eli Troclet)

Report by Mr. Van der Ploeg on social problems in agriculture and discussion on the future work of the Community in this field.

Internal Market Committee (5)

Meeting of 25 November in Brussels: Discussion with the EEC Commission on the implications of the rulings given by the Court of Justice in case 32/65 (appeal by the Italian Government), case 56/65 (Maschinenbau Ulm) and case 56/64 (Grundig-Consten).

Examination resumed of the draft regulation published in the Official Gazette of 26 August (No. 156) on the application of Article 85,3 of the Treaty to certain categories of bilateral, 'sole rights' agreements and concerted practices. Representatives of the EEC Commission were present.

Economic and Financial Committee (6)

Meeting of 4 November in Brussels: Adoption of a draft report by Mrs. Elsner on the first medium-term (1966-70) economic policy programme and of the draft resolution appended to it.

Examination of a draft report by Mr. Dichgans on the future activity of the Community in the field of monetary policy and on the creation of a European monetary union.

Meeting of 21 November in Brussels: Adoption of a draft report by Mr. Dichgans on the future activity of the Community in the field of monetary policy and on the creation of a European monetary union.

Committee for Co-operation with Developing Countries (7)

Meeting of 4 November in Paris: Report by the EEC Commission on the outcome of the most recent meeting of the EEC-AAMS Association Council and first discussion on the Association Agreement between the EEC and Nigeria (Rapporteur: Mr. Moro)

Discussion on the outcome of the first fact-finding trip to the Associated States (Madagascar, Burundi and Ruanda) (Rapporteur: Mr. Carcassonne); representatives of the EEC Commission were present.

Discussion with the EEC Commission on problems connected with the activity of the European Development Fund with regard to technical co-operation with the General Hospital of Mogadishu.

Meeting of 15 November in Brussels: Discussion with the EEC Commission on problems connected with the activity of the European Development Fund with regard to technical co-operation with the General Hospital in Mogadishu.

Examination and adoption of the draft report by Mr. Moro on the Association Agreement between the EEC and Nigeria.

Discussion on the possibilities for action by the European Development Fund in connexion with national parks in the Associated States; representatives of the EEC Commission were present.

Designation of members of the Committee to make a fact-finding trip to the Associated States.

Transport Committee (8)

Meeting of 21 November in Brussels: Discussion with Mr. Schaus, a member of the EEC Commission, on the state of progress with the common transport policy. First discussion on the proposals for regulations on capacity for transport by navigable waterway. (Rapporteur: Mr. Carcassonne)

Research and Cultural Affairs Committee (10)

Meeting of 21 November in Brussels: Discussion on the conclusions to be drawn from the debate held in the European Parliament on 18 October 1966 on the definition of a European research policy; Mr. Carelli and Mr. De Groot, respectively Vice-President and member of the Euratom Commission, were present. Appointment of Mr. Moreau de Melen as rapporteur on the problem of widening the terms of reference of Euratom's Joint Research Centre to all areas of research; appointment of Mr. Pedini as rapporteur on the Orgel Project. Appointment of Mr. Battaglia as rapporteur - for the Opinion to be referred to the Political Committee - on the specific functions and characteristics of Euratom after the merger of the Executives. Discussion on the suggestion by Mr. Oele that a study be made of the question of the European Community's adopting a common colour television system. Mr. Oele was asked to draw up a report on the political and cultural aspects of this problem.

Health Protection Committee (11)

Meeting of 22 November in Brussels: Appointment of Mr. Hansen as rapporteur on the problems of preventing accidents at work. Appointment of Mr. Santero as rapporteur on the state of progress in the Commission's work on the application of the right of establishment to the activities in the field of public health.

Discussion with experts of the 'International Union of the Pharmaceutical Industry in the European Community countries', of the 'European Pharmacists Union' and the 'Community Consumers' Contact Committee' on the EEC Commission proposal to the Council for a directive on the approximation of the laws of the member States on colorants used in pharmaceuticals.

Examination and adoption of a draft supplementary report by Mr. Hansen on Articles 14 to 25 of the EEC Commission proposal to the Council on a directive concerning health problems and controls on imports of cattle, swine and fresh meat from third countries.

Examination of the supplementary Opinion drawn up by Mr.

Lenz - to be referred to the Agricultural Committee - on amendments nos. 1 to 32 to the draft resolution embodying the Opinion of the European Parliament on the EEC Commission proposal to the Council for a directive on jams, marmalades, fruit jellies and chestnut paste.

Budget and Administration Committee (12)

Meeting of 3 November in Brussels: Examination of the EEC Commission budgetary proposals for 1967. (Rapporteur: Mr. René Charpentier). Representatives of the EEC Commission were present.

Examination resumed of the provisional expenditure estimates of the Joint Legal Service, the Joint Press and Information Service and the Statistical Office of the Communities included in the preliminary estimates of Euratom's operating budget for 1967. (Rapporteur: Mr. Merten). Representatives of the High Authority and the EEC and Euratom Commissions were present.

Meeting of 14 November in Paris: Examination resumed of the budgetary proposals of the EEC and Euratom for 1967. (Rapporteurs: Mr. Charpentier and Mr. Merten). Representatives of the EEC and Euratom Commissions were present.

Discussion with the President in Office of the EEC and Euratom Councils on the EEC's draft budget and Euratom's draft operating budget for 1967.

Examination of and vote on the draft report by Mr. Charpentier on the draft EEC budget for 1967 as drawn up by the Council. Representatives of the EEC Commission were present.

Examination of and vote on the report by Mr. Merten on Euratom's draft operating budget for 1967 as drawn up by the Council and examination of certain budgetary questions affecting Euratom. Representatives of the Euratom Commission were present.

Examination of and vote on the draft report by Mr. Battaglia on amendments to the section of Euratom's draft budget for 1967 concerning the European Parliament.

Meeting of 29 November in Strasbourg: Examination of the draft Euratom and EEC supplementary budgets affecting the European Parliament and vote on a draft report.
(Rapporteur: Mr. V. Leemans)

Legal Committee (13)

Meeting of 14 November in Brussels: Examination and adoption of the draft Opinion by Mr. Merchiers on Petition no. 1/1966-67 submitted by Mr. L. Worms concerning compensation for prejudice suffered following the scrap iron irregularities. Discussion on the time taken to reply to questions addressed to the Executives; representatives of the three Executives were present. Examination of the working document by Mr. Bech on the Rules of Procedure of the European Parliament. Appointment of Mr. Jozeau-Marigné as rapporteur on the question of the European Parliament's being consulted by the Executive in the event of changes in proposals already submitted to the Council.

Committee for Associations (14)

Meeting of 24 November in Brussels: Examination and adoption of the draft report by Mr. Scarascia-Mugnozza on the recommendations of the Joint EEC-Greece Parliamentary Committee relating to the third annual report of the Association Council.

Examination of the programme and working schedule for the next meeting to be held in Turkey of the Joint EEC-Turkey Parliamentary Committee.