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**EUROPEAN PARLIAMENT**

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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.

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## P a r t I

### DEVELOPMENT OF EUROPEAN INTEGRATION

#### I. GENERAL PROBLEMS

##### 1. Criticisms levelled at the EEC Commission by German employers

The intense activities of the EEC Commission in the social policy field was the subject of an Opinion prepared by the Federal Union of Employers' Associations (BDA).

Dr. Kley, member of the Presiding Board of the BDA, explained before the press in Brussels that German employers did not think the time had yet arrived for a sweeping concept of European social policy. Outline agreements at European level such as had been proposed by the EEC Commission were not yet feasible and to approximate working hours by scaling them down would run counter to the aims set out in the EEC Commission's medium-term economic programme.

Dr. Kley stated that economic union could function perfectly satisfactorily in spite of dissimilar social conditions. It was not absolutely essential to iron out disparities in the social provisions of the various States through harmonization. The EEC Treaty had left social policy in the hands of member States because political authority entailed responsibility in social matters. Employers therefore approved the French Government's attempts to entrust social policy in the EEC more and more to the Council of Ministers. They wanted the emphasis in the EEC's social policy to be placed on the need for each member State to gear its social legislation, and employers and employed their wages policy and collective bargaining, to the requirements of a Common Market exposed to international competition. Article 118 (relating to social harmonization and medium-term economic policy) provided the framework for defining domestic social policy so that it could fit in with overall economic aims and thus ensure a uniform rise in the standard of living in the EEC.

The BDA welcomed the fact that 'EEC Commission officials responsible for social policy are beginning to realize that social policy cannot be dissociated from economic conditions in member States'. The work done on medium-term economic policy had been a real help in this respect.

The employers felt, however, that the EEC Commission attached too much importance to the right to intervene in particular social policy sectors and to harmonizing these through recommendations to member States. Although the Commission was only proposing that studies should be carried out in certain sectors, it gave the impression that it wanted to impose the procedure it had so far followed. Experience had shown that a harmonized social policy appeared to be feasible only on the basis of the highest possible level of social conditions - but then the Federal Republic of Germany, in spite of the high standard it had reached in the social policy sphere, would still have to make additional efforts.

The EEC Commission, on the other hand, had an important task to carry out in organizing the free movement of workers, devoting special attention to the social and cultural needs of migrant workers. The employers particularly welcomed the reforms embodied in social regulations Nos. 3 and 4 on migrant workers. They were also in favour of harmonizing employment policy at Community level, of standardizing the training of instructors and of approximating final vocational qualifications at the highest possible level. Finally the employers considered that the European Social Fund should be overhauled, trade barriers removed, and the compilation and presentation of social statistics improved. (Neue Zürcher Zeitung, 30 September 1966)

## 2. Statements on European policy by the German Minister for Agriculture and by the Chairman of the CSU Party

At the opening of the International Food Fair (Ikofa) at Munich on 18 September 1966, Mr. Höcherl, Federal Minister for Food and Agriculture, warned that little time remained before the merger of the Communities. It would therefore be very much in the interest of all sections of industry to make use of the time available to prepare themselves for the new situation. With customs duties abolished, new trade patterns would emerge alongside the traditional ones and contribute to make competition even



sharper. The consumer, as main arbiter, would be presented with a wider range of supply and could go further in satisfying his needs. The trend as a whole would be such as to benefit the consumer. There was no reason to expect a general rise in prices. A possible rise in the price of some commodities would be offset by improved conditions of supply in other sectors and, in the long run, by lower prices resulting from greater productivity in certain sectors.

Mr. Höcherl felt that German agriculture would be under the heaviest pressure. It would have to adapt itself to the outlets offered to it, break into other markets and adjust itself to new consumer requirements. For the entire food sector and for the foodstuffs trade as a whole, access to the EEC market was an immense advantage.

Mr. Strauss, CSU Chairman, spoke out in favour of a 'Europe of States' on federal lines. This, he felt, was the only form in which European nations could defend their interests effectively in the face of the great powers. Failing this, the Germans and other West European peoples would have to continue to 'exist and enjoy a measure of well-being as an appendage of the industrial society of the United States.' In the process Europe would degenerate into an underdeveloped area of provincial status.

Mr. Strauss pointed out that pressure from the East no longer sufficed to convince the peoples of Western Europe of the acute need for political unity. France itself was incapable, either in theory or in practice, to establish by force a united Europe under its leadership.

Mr. Strauss went on to advocate the concentration of national enterprises encouraged by the State. Conditions suitable for co-operation within Europe would have to be brought about in this way. Otherwise Europe would soon become entirely dependent on overseas countries in the electronics, aircraft, space travel and energy sectors. Mr. Strauss referred specifically, in this connexion, to the automobile, chemical and food industry. Outside control of European growth industries could, in his view, grow to alarming proportions in the future. American investment in Europe no doubt contributed to general prosperity; nevertheless it tended to stifle the creative spirit of Europeans.

Mr. Strauss wound up by calling on France and Germany to decide, on the basis of a joint policy on materials and equipment, upon a bilateral emergency programme for

setting up competitive key industries. The EEC could then adapt its own policy accordingly. Paris and Bonn should also agree on a common approach to trade with the Eastern bloc. (Frankfurter Allgemeine Zeitung, 19 September 1966; Die Welt, 19 September 1966)

### 3. Twelfth Annual Conference of the Atlantic Treaty Association in Munich

The Twelfth Annual Conference of the Atlantic Treaty Association was held at Munich on 19-23 September 1966. The main subjects discussed were the Atlantic Alliance, its present situation, and the Communist threat. The resolution passed at the end of the Conference reads as follows:

1. The Atlantic Alliance is a community directed not against any nation but against war as the ultimate political instrument. In the seventeen years of its existence it has achieved its basic aim of preserving peace and the security of the North Atlantic area. The need for the integrated civil and military organization of the Alliance is today as acute as ever. The existence of a permanent threat necessitates the continued presence on the Continent of American, British and Canadian troops and a strengthening of security in the Mediterranean zone. Interdependence is in this case the surest guarantee of independence.
2. Although the nature of the Communist threat has changed, it remains as great as ever; the main objective remains Communist domination of the world. The conventional and nuclear potential of the Soviet Union and China is constantly growing. The subversive wars waged by the Communists in a wide variety of forms in South East Asia, the Middle East, Africa and Latin America, as well as in the Atlantic Alliance countries, goes on unabated. Such wars without a declaration of war can on no account be carried out merely by military or diplomatic means.
3. The fourteen member States, closely linked together in the Alliance, will spare no effort:
  - a) to close the gaps left in their integrated defence system by France's recent withdrawal, and
  - b) to strive for prompt resumption of France's full co-operation, all the more since a substantial

section of the French people has remained true to the ideals and aims of the Atlantic Community.

4. It should be the joint endeavour of members of the Alliance to look more closely into all conceivable ways and means of arriving at a common approach on all questions of common interest in the political, military, economic and cultural sectors. It is essential to achieve concrete results and to avoid crises rather than surmount them. Members of the Alliance should also strive to strengthen existing NATO institutions and adapt them to the new military and political trends, and to establish in the free world institutions that will permit to be built up a real Atlantic Community adapted to the present-day situation.

The NATO Parliamentary Conference, in particular, should be converted into an Atlantic Parliamentary Assembly.

5. A higher rate of economic growth should be striven for by introducing a larger measure of free trade, and more especially by making maximum progress in the Kennedy Round and harmonizing, through all the organizations concerned, economic, financial and monetary policy. The nations of the Atlantic Community seek economic growth not only for its own sake but also in the interest of the developing countries. Naturally both private enterprises and public authorities have an important rôle to play in this respect.
6. Recent developments in some Communist countries of Europe offer opportunities of establishing closer relations with them. While the Alliance should undoubtedly try to take advantage of the circumstance, it should not lose sight of the dangers entailed by relations with countries whose aims are diametrically opposed to its own. A solution of the East-West problem acceptable to all, and one, in particular, embracing the reunification of Germany in peace and freedom, depends above all on the strength and solidarity of the Atlantic Alliance. In this context the Assembly recalls the words of Mr. Manlio Brosio, Secretary-General of NATO: 'Treaties are a highly inadequate substitute for an effective deterrent.'
7. If these aims are to be achieved, public support is of crucial importance. The younger generation, in particular, must be kept informed and provided with a thorough education and resolute political leadership. The Atlantic Treaty Association calls on all its mem-

bers, and on their governments, to make greater efforts and make more resources available with a view to achieving the essential aim - to fashion the world of tomorrow, to provide the common political directives, measures and institutions needed for this purpose.

(Final resolution of the Twelfth Annual Conference of the Atlantic Treaty Association held at Munich in September 1966)

#### 4. The Italian Association for the Council of European Municipalities and the future of democratic Europe

The Fifth Congress of the Italian Association for the Council of European Local Authorities (AICCE) was held on 16 and 17 September at Ancona. The European Parliament was represented by Mr. Bersani. The Congress discussed various subjects including Europe, the action democratic movements should take to speed up economic and political integration, and the best means of putting over the European idea to the public.

All these subjects were systematically covered by the report prepared by Professor Serafini, Secretary-General of the AICCE. Professor Serafini first asked the meeting to discuss whether or not it was desirable to reduce to a more coherent and rounded form the traditional ideas entertained by the three political movements at European level (Socialist, Christian Democrat and Liberal). Professor Serafini again proposed as a solution the creation of a European democratic front within which the three Internationals (Socialist, Christian Democrat and Liberal), technological, economic and cultural forces, and the 'federalist' movements would step up their efforts at all levels. Of these levels Professor Serafini regarded the local authorities - municipalities, provinces and regions - as the most effective. He dwelt on the importance of the local authorities for the actual execution of European integration projects. One had only to think of regional economic planning and of the problems of local finance, tax harmonization and equality of treatment between small and large municipalities - all of which called for resolute cultural and political action to protect the independence of local authorities and reassess their status against the European background. Professor Serafini concluded his report by pointing out that in the Europe of tomorrow the municipalities would

have to shoulder a task of prime importance, and that the chances of its being carried out effectively would be all the greater if basic problems could be settled now in a broader spirit and if closer contacts were established between the authorities and the citizen - in short, if the reins of European policy were taken in hand.

In the debate that followed on Professor Serafini's report, Professor Grosso, President of the AICCE, Professor Petrilli, President of the Italian section of the European Movement, Mr. Zagari, Under-Secretary for Foreign Affairs, and Mr. Romita, Under-Secretary for Education, all took the floor.

Professor Grosso, Mayor of Turin, dwelt on the gap separating the citizen from politics and on the need for a closer dialogue between government and governed. Professor Petrilli stated that all political movements that believed in Europe should be mobilized and that Socialist unity was a positive factor for the European cause in Italy.

Mr. Zagari held that European union was more a matter of popular consciousness than a political and economic factor, and as such could only come from below. The basic objective of supporters of the European cause should be to build a Europe united on the basis of the will of the people and under the leadership of duly elected and supervised democratic institutions. Mr. Zagari stressed the need for an economic policy planned at European level and accompanied by progress in the social sphere of integration, so as to redress specific or sectorial imbalances. He drew attention to the need for Western Europe to lay down a common programme on scientific and technological research with a view to closing the gap separating it from the United States and the Soviet Union. Mr. Zagari went on to say that the European Community should concern itself not only with its internal consolidation but also with its geographical enlargement. This implied first and foremost the admission of the United Kingdom. He closed with the remark that the initial phase of European integration, in which decisions came from above, should be followed by a new phase in which the public as a whole shared in the task of building Europe. Both the governments and European movements of all kinds should therefore concentrate on educating and disseminating European ideas among the public. Only thus could the gap separating the masses from the idea of Europe be closed.

Mr. Romita maintained that only by establishing the European democratic front could (i) the AICCE carry out its political and educative rôle as against any national approach; (ii) the time lost in effecting economic integration be gained for political integration, and (iii) 'federalist' action be extended beyond the just but limited objective of the Common Market to cover all democratic European countries.

In reply to questions from the floor, Professor Serafini stressed the need to give real substance to the European institutions because the masses could no longer be mobilized without announcing certain essential ends Europe wanted to pursue. He added that European federation could play a crucial rôle in establishing a peaceful world order.

The meeting thereupon approved, with one abstention, a political resolution (a) condemning nationalism in any form; (b) hoping that the impending expiry of the Atlantic Pact would be treated in a European spirit; (c) stressing the need for precise time-limits for European integration calling for effective Community government; (d) reaffirming the need for qualified and responsible Italian representatives on the Executive and to bring up to date and supplement the Italian delegation to the European Parliament; (e) hoping that membership of the Community would be extended to other States; (f) stressing the importance and effectiveness, both at democratic and supranational level, of the services rendered by the Council of European Municipalities to local authorities; (g) calling upon the Association to keep up its contacts and collaboration with the European Parliament, and in particular with the Parliament's inter-group on local problems and with the Community Executive as regards medium-term European policy, and to follow up the procedures already initiated for regional meetings and collaboration beyond State frontiers, with particular attention to the problems of backward and frontier areas; (h) hoping that its experience will be made use of in connexion with the allocations of the European Youth Fund.  
(Avanti, 17 and 18 September 1966; *Comuni d'Europa*, September 1966)

## II. ECONOMIC POLICY AND ECONOMIC SECTORS

### 1. France calls for a common stand by the Six on international liquidity

Prior to the meeting of the Finance Ministers of EEC States at Luxembourg on 12 September, Mr. Michel Debré, French Finance and Economics Minister, issued the following statement to the press: 'We have reached a point intermediate between two major stages of the work on the reform of the international monetary system. At the end of July this year the Group of Ten reached a number of diverse conclusions on this subject which reflected the dissimilar attitudes taken up by members of the Group. Some of these dwelt on the need first of all to improve the equilibrium of balances of payments; others wished to push on without delay with work on the creation of new reserves.

The choice between these alternatives is a fundamental one. In the first case, the necessary reform of the international monetary system could be carried out on ordered, balanced and permanent lines. As to the second alternative, the danger lies in its being used simply as a pretext for resorting to fresh expedients for permitting the financing of external deficits due to inadequate domestic management. If this attitude prevails, the risk of a sudden breakdown of existing machinery would be substantial.

At the annual meeting of the Governors of the Monetary Fund and of the International Bank at Washington to begin on 26 September, the debate on this subject is bound to be resumed and the different arguments will be aired against a wider background.

Now there exists among the members of the Common Market a wide identity of views. Having themselves experienced, and successfully combated, inflation, they know balanced relations with non-member countries are essential for the progress of their economies. They therefore distrust, on logical grounds or in the light of experience, monetary solutions of economic and social difficulties, and any tendency to avoid these by flying on ahead.

Another important fact should not be lost sight of: because of the strong external position they have achieved

through policies geared to financial equilibrium, the Common Market countries would have to bear the financial brunt in the event of fresh reserves being created. This would amount to approving credits perpetuating the external deficits which lie at the root of the difficulties through which the international monetary system is passing. By accepting as a matter of convenience a solution that runs counter to their own interests in the name of a form of international co-operation to which they had already made a substantial contribution, the European countries would definitely render an extremely bad service to all their partners.

They would also render the worst possible service to the developing countries whose needs were sometimes invoked to justify the creation of the additional monetary unit. Countries which seriously advanced this last argument were committing a grave error. Development aid calls rather for the organization of primary commodity markets and the development of a credit system.

Under these circumstances, it is as much in the world's as in Europe's interest that the views of the Six should be expressed without any ambiguity. If we remain united and determined we can help the rest of the world to establish a better overall balance in the monetary system.'

(Le Monde, 13 September 1966)

## 2. Round table talks in Milan on 'Enterprises in the European Community'

A round table conference on 'Enterprises in the European Community' was held in Milan on 22 and 23 September. This had been organized by the ISE (Institute for Economic Studies) and 'Mondo Economico', and by the ISPI (Institute of International Politics) and 'Relazioni Internazionali'. The ISPI had put its premises at the Palazzo Clerici at the meeting's disposal.

Ambassador Colonna, member of the EEC Commission, pointed out that if the movement of industrial products was to be really free, it would be advisable to abolish various charges equivalent in effect to customs duties as well as measures equivalent in effect to quantitative restrictions. The scope of such provisions for Community trade was in practice generally limited. Nevertheless,



the absence of a complete and accurate set of rules would entail the risk that even after the end of the transition period one or other member State would be tempted to take advantage of provisions of this kind. Hence the desirability of coming to definite decisions in this field.

An even greater obstacle to the establishment of a real Common Market were national commercial monopolies. The Commission had so far tried to deal individually with each monopoly on its merits. For example, in the case of tobacco - a monopoly both in Italy and in France - the Commission, following the pragmatic method it had chosen, had begun the joint study of all aspects of the problem: (a) the importance for States of the tax levied on tobacco; (b) the need to ensure adequate returns to agricultural producers at present unable to meet competition; (c) the difficulty of bringing tobacco cultivation in certain particularly backward areas up to a competitive level. The Commission hopes that a joint study of all these factors will culminate in a series of co-ordinated proposals, and that the problem of discrimination resulting from the monopoly will be settled by removing the causes that justify their existence at the domestic level.

The Commission was also concerned about disparities in tax burdens. So long as different systems of indirect taxation, and different rates of taxation, remained in force in the six member States, competition would be liable to be distorted to the detriment of one or other of these States. The Council has for some time had before it proposals for the introduction of a common value-added tax system in the Six States. The Commission has also stressed the need for abolishing tax frontiers, which implied levying an identical value-added tax in all member States.

Another problem of special concern to the Commission was that of State aid to enterprises. As the Commission had certain well-defined supervisory duties in this field, and in order to exercise these was obliged to determine whether, and under what conditions, State aids were compatible with the Treaty, it had been established that such aids were selective, their necessity having been demonstrated, and were to be used exclusively for rationalization, specialization or redevelopment.

As regards public enterprises, Ambassador Colonna pointed out that the Treaty lays down that they should operate along lines corresponding to those of a private enterprise under conditions of real competition.

Dr. Olivi, EEC Commission spokesman, pointed out that two arguments could be advanced to justify the increase in the size of enterprises. The first was research requirements. The steadily increasing improvement in production techniques made increased investment on research essential in many branches of industry. This could be regarded as a condition for avoiding being shut out completely from competition. It was on the other hand obvious that only large enterprises could afford really up-to-date facilities. The second argument concerned finance and investment. In this respect the large enterprise clearly scored over the small and medium-sized firms. An enterprise's size and reputation facilitated simultaneous access not only to various capital markets but also to certain sources which called for specific guarantees. Dr. Olivi was therefore in favour of the concentration of enterprises. He was, however, against agreements whose purpose was not, like that of concentrations, to set up and strengthen enterprises but to force them to act in a certain way on the market without in any way rationalizing the productive process. It might well be asked, however, whether concentrations could be unlimited. According to Dr. Olivi, they should be rejected when they assumed a monopolistic character prejudicial to healthy competition and therefore to the consumer.

Dr. Mattei, Vice-Secretary-General of the CGII (General Confederation of Italian Industry) pointed out that while the Rome Treaty allowed for possible consequences of a common market on the pattern and behaviour of enterprises, it had perhaps overrated the rôle which, vis-à-vis concentrations, agreements could have played in facing increasing competition.

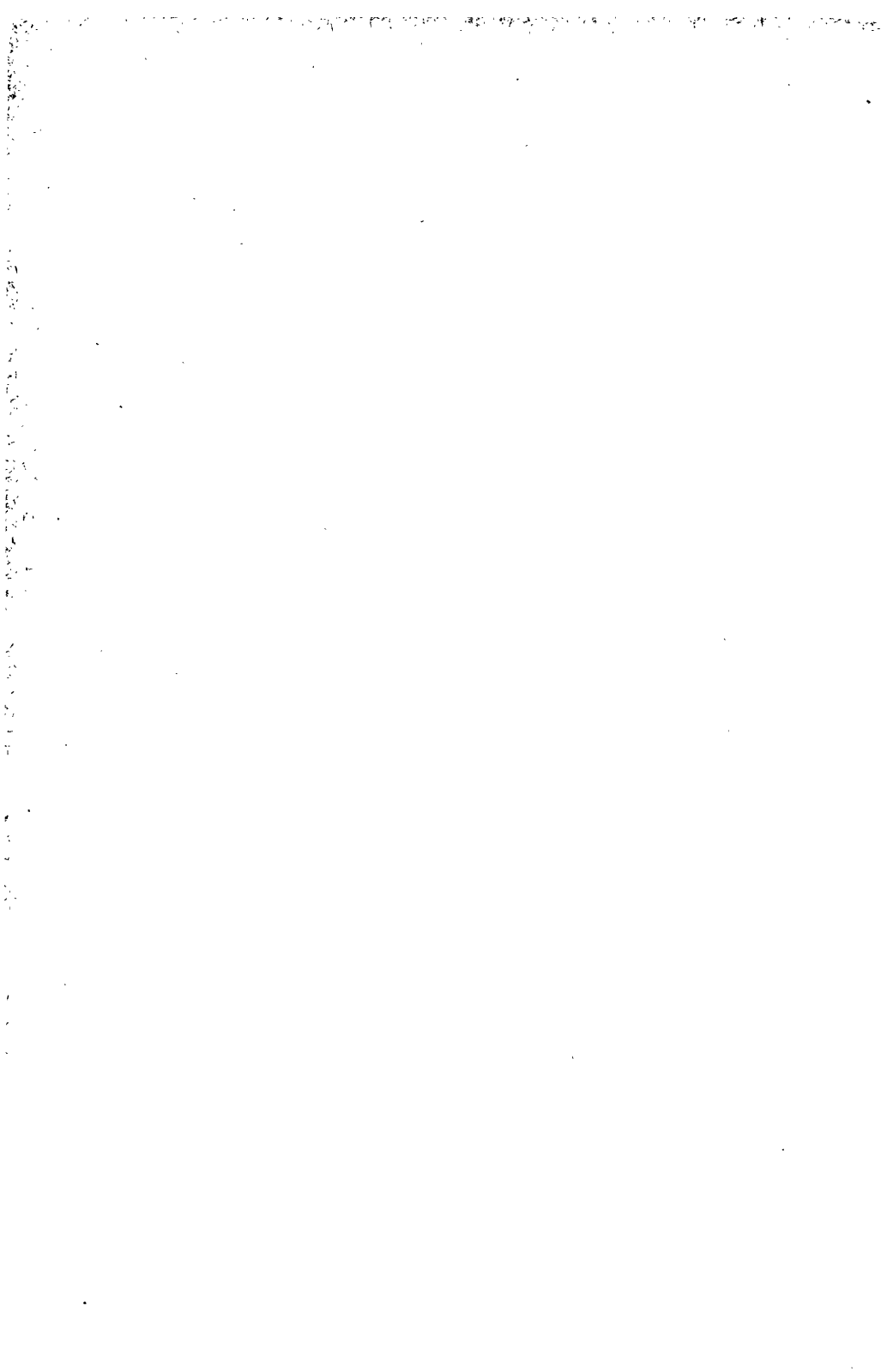
Dr. Mattei went on to say that the Common Market had not only called for the concentration of European enterprises but had also awoken the interest of more highly industrialized countries, in particular the United States, because of the scope this new and enlarged market offered for the exploitation of the research already carried out by them. This should encourage European enterprises to strive to attain a more suitable scale not only in physical sense (i.e. in relation to the volume of investment and production) but also in psychological or 'intellectual' terms. This was not to say that any concentration of enterprises that led to better dimensions was economically justified; the fact remained that consideration of an ample market competing more and more effectively with the external markets of more highly industrialized countries was becoming a

constant factor in the activities of all European enterprises.

Professor Riccio, Vice-Director of the Legislative Office of the Italian Ministry of Justice, pointed out that some people regarded a 'European' enterprise as a kind of super-body endowed with supranational subjectivity alongside which national companies should continue to exist. This approach was not however the right one. The Rome Treaty spoke of the right of establishment of entrepreneurs in any member State in engaging in the various activities pursued in the other countries, in setting up companies and opening branches, agencies, etc. There was no question therefore of Community subjectivity in the strict sense of the word; institutionally there was no firm Community tie, although a system linking companies with a specific country remained essential. The difference between this type of company and the supranational types envisaged by some people was obvious. It could not be denied, however, that the Treaty aimed at freedom of movement of legal persons.

Dr. Pandolfelli, divisional head at the EEC Commission, stated that encouragement of European-scale enterprises was not an immediate and direct objective of the Rome Treaty. This contained all the provisions needed for establishing a single European economic area in which enterprises would probably be forced to meet greater competition and therefore, perhaps, to overhaul their structure and dimensions. But such changes were considered by the Treaty as a probable and desirable consequence only within the strict limits of what was useful and permissible. On the other hand the Treaty provided for full equality as between all the enterprises of the Community, and if it called for a special type of European company that was to be protected, this would inevitably amount to discrimination against other enterprises.

(Supplement to 'Mondo Economico' of 1 October 1966, No. 39)



### III. EXTERNAL RELATIONS

#### 1. Federal Chancellor Erhard's visit to Scandinavia and German reactions

##### I. Statements by Dr. Erhard

###### 1. Norway

On 29 August 1966, at the close of his official political talks in Oslo, Dr. Erhard stated it was essential to prevent the gap between the EEC and EFTA from widening. Until it could be completely bridged - and that was something that could only be done by common consent of all concerned - everything would have to be done to cushion the 'discriminatory effects' of this division. The Kennedy Round would play an important part in this respect.

Dr. Erhard did not think that Norway had to accept the Rome Treaties unconditionally if it intended to join the EEC. In his final discussions with Mr. Per Borten, Norwegian Prime Minister, he pointed out that the EEC had been the outcome of a compromise between six States. Should others, for example the United Kingdom, wish to join, a fresh compromise, which could well include transitional and special rights, would have to be negotiated.

Dr. Erhard regarded the EEC as a purely economic Community from which no political impulses could be awaited in the foreseeable future. He was deeply concerned about the divergent economic trends in Europe. This state of affairs could only be satisfactorily remedied through union between the EEC and EFTA. Dr. Erhard did not think any purpose was served by separate association agreements.

In an address delivered on 30 August before representatives of the European Movement at Oslo University, Dr. Erhard explained that the EEC had been conceived as a rallying point, an initial phase of a wider integration process. It was not only natural but also essential that northern European countries should be accepted into a United Europe.

Before flying on to Stockholm Dr. Erhard attended a press conference. Asked whether a large European free trade area could be formed from the EEC and EFTA, he stated that while such a solution was perhaps technically feasible it might not be a satisfactory one. Whatever course was adopted, however, the division of Europe into two major blocs - EEC and EFTA - would at all events have to be brought to an end. Dr. Erhard was sceptical about the prospects of further political integration in the EEC. He did not feel that the Federal Government should support it. The closer the EEC came, in the eyes of the world and of other European countries, to assuming a political form, the harder it would become to reach agreement on economic co-operation with neutral countries such as Sweden and Switzerland. 'In my view,' said Dr. Erhard, 'a clear line should be drawn between economic and political integration although I am not disputing that economic integration can have political repercussions.'

Dr. Erhard felt that the problem of the European market hinged mainly on relations between the EEC and Great Britain. Some progress had already been made in this direction but Britain should not be pressed unduly. It was only natural that the British were reluctant to run the risk of a further breakdown in negotiations for entry. For that matter, Britain's current economic difficulties did not offer a suitable jumping-off ground for new steps with a view to her entering the Common Market.

## 2. Sweden

In a joint communiqué issued on 2 September 1966 the Swedish and German Governments stated that they would take steps with a view to organizing exchanges of views on concrete questions between the EEC and EFTA so as to facilitate co-operation between them until the point was reached where the problem of their relations could be finally settled. It was generally agreed that this could best be achieved through multilateral negotiations between the two economic blocs.

In his talks with Mr. Erlander, Swedish Prime Minister, Dr. Erhard suggested that EEC and EFTA member States should refrain from applying their external tariffs to trade between them. Federal Chancellor Erhard thus for the first time clarified his ideas on 'building a bridge between the EEC and EFTA. Members of the EEC and EFTA should - he thought - continue to lower customs duties

within their own economic areas, but external duties should not be applied in their reciprocal trade. As in Norway, Dr. Erhard recommended multilateral negotiations between the two economic areas.

## II. German reactions

### 1. Federal Government, SPD and CSU

On his return to Bonn Dr. Erhard explained that particular attention had been paid to economic questions in his talks in Norway and Sweden. The talks on possible closer co-operation between the EEC and EFTA had not aimed at a final solution but at preventing cleavage in Europe.

Speaking in Bonn, Secretary of State von Hase interpreted Dr. Erhard's statements as follows: 'The lack of progress of political co-operation in the EEC is no reason to sit back and do nothing during trade policy talks between the EEC and EFTA.' There could however be no question of the Federal Government's impairing the political substance of the EEC. The Rome Treaties had not been put up for discussion and the Federal Government still felt itself bound by them.

The suggestion made by Dr. Erhard during his Scandinavian visit that neither EFTA nor the EEC should overemphasize political aspects led to the question being raised in Bonn whether a new German policy on Europe should be initiated on these lines. The Social Democrats asked the Federal Chancellor to explain his views to the Parliament since there had been clear contradictions to the policy so far followed by the Federal Government whose platform had obviously been abandoned. The Social Democrats based their argument on an alleged quotation from Dr. Erhard which State Secretary von Hase would neither confirm nor deny, pointing out to the press that he was unable to trace it. According to the Social Democrats, Dr. Erhard had stated in Oslo that he did not believe efforts should be made to further political integration in the EEC 'because I believe that the closer the EEC comes, in the eyes of the world and of other European countries, to assuming a political form, the harder it will be to reach agreement.' In the view of the Social Democrats such an attitude ran completely counter to the Rome Treaties. The SPD Press Service recalled in particular that since he had assumed office in October 1963 Dr. Erhard had repeatedly announced initiatives for the creation of a political union of the Six.

The statements made by Dr. Erhard during his visit to Norway and Sweden led the Bundestag SPD Group to table a series of questions on the Federal Government's European policy:

1. What were the actual words employed by the Federal Chancellor in this connexion?
2. Had the Federal Chancellor described the EEC and EFTA, at a banquet held during his visit to Sweden, as 'artificial and arbitrary structures' which could not be morally justified 'if, in a spirit of clannishness, they accorded each other privileges which they withheld from others'?
3. Had the Federal Government abandoned the aim, in the spirit of the Rome Treaties, not only of building up the EEC as an economic community but also of carrying it a stage further so as to serve the cause of the political union of Europe?
4. In the light of the Federal Chancellor's statement under (1) above, did the Federal Government think that the political development of the EEC hindered the economic union of all free Europe?
5. What had led the Federal Government to abandon its earlier view that the economic and political development of the EEC was the best way of bringing Europe, through the admission of new States to the Community, to a position where it negotiated as a single unit?
6. Did the Federal Government still stand by the policy it had defined in its European proposals of November 1964 and in the preamble to the Franco-German Treaty?
7. Was it still the Federal Government's policy to do all in its power to enable Great Britain and other EFTA States to join the EEC?
8. What had been done since the interview of the Federal Minister for Foreign Affairs on 2 July 1966 (Bulletin of 8 July 1966) with a view to drawing up, after careful study of the problem, some kind of plan for Great Britain's admission to the EEC?
9. What additional steps did the Federal Government intend to take in the Kennedy Round to ensure, through the success of these negotiations, that obstacles to trade between the EEC and EFTA were reduced?



10. What was being done to bring the EEC and EFTA closer together by following up the many offers of negotiation made by the EFTA Council of Ministers?
11. Was the Federal Government prepared to help towards defining notions such as 'political union of Europe', meaning collaboration between sovereign States, and 'political community' or 'European integration' in the sense of a close amalgamation of States involving the surrender of sovereign rights and recognition of supranational institutions under European parliamentary supervision?

The SPD press services rejected as superficial the reply given by Mr. Schröder on 5 October 1966 regarding the statements alledged to have been made in Scandinavia by Dr. Erhard. As the Socialist Group did not feel that the Federal Government had yet satisfactorily answered their questions on European policy, the Group tabled a question on the subject for debate in a plenary session of the Bundestag in November 1966.

This question covers the following points:

1. What did the Federal Government think should be the main points covered in the next few years by the economic policy decisions of the EEC Council of Ministers? Has it thought out ways of surmounting the acute difficulties the Federal Republic was facing in a number of spheres?
2. Had the Federal Government any concrete ideas for inducing the EEC Council of Ministers to take its decisions along lines calculated to ensure the adoption of a common external policy as provided for in the Treaty, so as to safeguard German external interests and at the same time provide a basis for co-ordinating the external policies of the EEC member States?

What could be the consequences for trade between West Germany and Eastern bloc countries of the common commercial policy and the common agricultural policy of EEC member States?

3. Could it be assumed from the statements made by the Federal Chancellor, and confirmed in the Federal Government's reply to the questions tabled by the SPD in the Bundestag (Docs. V/916 and V/963), to the effect that no additional powers should be given to the EEC, that the Federal Government had abandoned the Preamble

to the EEC Treaty and no longer regarded the EEC as the basis for ever closer union among the European peoples?

4. Would the Federal Government impress on the EEC Council of Ministers and the governments of member States the need to meet the wish expressed by EFTA member States for a meeting between their representatives and those of EEC member States with a view to putting an end to economic division in Western Europe? If so, would it then make it clear that European States wishing to join the EEC, apart from accepting the Community's objectives unconditionally, need only reach agreement with the EEC on questions that had already been settled in the Community itself?
5. Did the Federal Government feel that the preparatory work done, and the offers made, by the EEC in the Kennedy Round negotiations sufficed for the success of this GATT initiative which was of such great importance for world trade and for relations with North America? Did it see any way in which it could improve the Kennedy Round's prospects of success through its own measures?
6. What did the Federal Government feel about the way the EEC's Development Fund was operating within the framework of the association with eighteen Overseas States? Did it consider that the German economy's contribution was adequate? Was the Federal Government prepared to work determinedly for negotiations with as yet non-associated developing countries with a view to their getting over their acute economic difficulties?

The Federal Chancellor's statements were also criticized by the 'Bayernkurier', organ of the CSU, according to which Dr. Erhard had, during his Scandinavian visit, opposed further political community of action in Europe. There was good reason to believe that the CSU would not follow in his steps but on the contrary would ask him for a clear definition of his political view of Europe and to state what conclusions he felt such a view implied.

## 2. Comments of the German Council of the European Movement

Mr. Majonica, Member of the Bundestag and President of the German Council of the European Movement, dwelt on the political nature of the European Economic Community. The fact that it was at present impossible to round off the

Common Market politically should not lead to the conclusion that Community's political objectives no longer held good. The enlargement of the EEC, desirable though it was, was no justification for weakening the institutional structure laid down by the Rome Treaties. This would in turn severely brake political progress in the Community which would at the same time lose the 'pull' which had gradually brought home to other European countries that co-operation as practised in the Community was more sensible and in the long run more effective politically than the loose form of co-operation existing in a free trade area.

3. German section of the European Movement (Europa-Union Deutschland) warns against building a bridge between the EEC and EFTA

On 1 September 1966 Baron Friedrich Carl von Oppenheim, President of the Europa-Union Deutschland, published a statement expressing concern at the support given by the Federal Chancellor to a link-up between the EEC and EFTA.

Following Dr. Erhard's Scandinavian visit, the idea of 'bridge-building' between the EEC and EFTA once again loomed large in European policy.

The Europa-Union Deutschland warned against the dangerous illusions which this slogan had aroused for so many years. These were of a nature to damage the very substance of the EEC and to hold up the advent of a larger European Community.

At the moment there was only one way likely to bring about a larger European Community, namely the full membership of the various EFTA member States, all the more so because the number of people in the EFTA countries who were beginning to doubt the efficacy of the free trade approach was on the increase.

The 'pull' exerted by the Common Market showed the correctness and effectiveness of the principles underlying the Treaty.

To disregard the EEC Treaty in any future negotiations with EFTA States would be to jeopardize the Community's mission as an advance guard of a wider European Community. This did not of course mean that transitional provisions would be ruled out.

The Europa-Union Deutschland also opposed attempts to deny the political effects of the EEC. In the interests

of truth and clarity it should be stipulated that only those EFTA States that were willing to accept the political as well as the economic consequences of adhesion could be accepted as members of the EEC.

(Frankfurter Allgemeine Zeitung, 2, 3 and 6 September 1966; Die Welt, 31 August 1966, 2, 3, 5 and 6 September 1966; Europa-Nachrichten of the SPD Group, No. 24, 15 September 1966 and No. 29, 25 October 1966; Information Services of the German Council of the European Movement, No. 18, 25 September 1966)

## 2. President of the Belgian Federation of Industries and the admission of third countries to the EEC

Mr. R. de Staercke, President of the FIB, speaking before the Norwegian Federation of Industries in Oslo on 23 September, called for real European economic integration facilitated by the integration of enterprises. 'The time has now come not for protectionist reaction but for European integration in depth. Companies throughout Europe should be encouraged to join hands and to integrate across the frontiers'. However, far too many obstacles still existed. The EEC Commission, which was now more alive to the economic need for structural adaptation, should take steps to remove these obstacles.

As regards the enlargement of the Community, Mr. de Staercke recalled that when the foundations of the Rome Treaty were being laid, six countries believed that a Community could operate on such a basis. Other countries were, to say the least, sceptical. A few years later the fact was inescapable - the Community of the Six was operating satisfactorily. Without playing down the crisis through which the EEC had passed, the President of the FIB drew attention to something more important, i.e. the pragmatic solution reached at Luxembourg in January 1966 when the Six resumed the task of building the Community. 'They could not do otherwise. They could not find operating rules better than those contained in the Rome Treaty'. If a country like Norway, or the Scandinavian group, wished to benefit from membership of the Community it was only fair to expect that it should 'function satisfactorily'. This requirement carried certain implications.

'In this respect,' said Mr. de Staercke, 'the plan to fit the European Economic Community into a large free-trade

area is unrealistic both on economic and practical grounds. It ought not to be forgotten that the formula of a free-trade area without a common external tariff, without a common commercial policy, without integration of agriculture and institutions to administer the Treaty and push ahead with economic integration, was expressly rejected by the Six eight years ago. How could these six countries accept this formula with a view to extending the EEC to embrace other neighbouring industrialized countries? Success is unthinkable except on the basis of the essential provisions of the Rome Treaty as at present applied in the Community of the Six.'

Referring to negotiations with a country like Great Britain, Mr. de Staercke pointed out that if these were resumed this year they would take up a great deal of time and energy and would hold up a number of decisions to be taken at Community level. It should not be forgotten that one of the reasons the negotiations with Great Britain broke down in 1962 had been the Community's uncertainty of its own policy or of its own position as regards the problems raised by the negotiations.

Since then the EEC had gone some way towards defining its own policy, particularly on agriculture - one of the crucial points in any negotiations for the admission of other countries. As regards the common commercial policy, progress had not been very marked in view of the fact that the Treaty did not formally stipulate that such a policy had to be adopted before the end of the transition period in 1970. Nevertheless, it could be argued that in the event of negotiations being resumed in the relatively near future, Britain would find that the EEC had more to offer than in 1962. But could the same be said of Great Britain and of certain other EFTA countries as a whole?

What mattered under present circumstances was political will and consciousness of the need for the two sides to unite in an economic Community in which there would be a wider measure of commercial freedom. So long as economic necessity was not the decisive factor, the play of politics between the two zones of influence would tend to let things drag on for one, two or three years. Belgian industry hoped that the present slow rate of progress would not be kept up too long. Meanwhile, like the EEC, Norway was acquiring experience in EFTA that should help its industry to adapt itself to a free-trade area, comprising seven or eight countries. In addition, reasonable success in the Kennedy Round would strengthen the commercial, economic and psychological links between the European nations both in the EEC and in EFTA. Time

having allowed the EEC to attain full maturity, the task of achieving the grand design of a united economic Europe would have been made easier.

'At all events the problem of the admission of EFTA States to the EEC remains one of our main concerns, not in the short or long term but in the medium term. Belgian industry is resuming its study of the problem in a constructive spirit, especially in the case of a Norwegian or Scandinavian application.'  
(FIB Bulletin, 1 October 1966)

### 3. Italian farmers and the Kennedy Round

On 16 September the Italian Committee on International Agricultural Relations (CIRAI) - to which are affiliated the Confederation of Italian Agriculture and the Italian Federation of Agricultural Syndicates - examined the agricultural aspects of the Kennedy Round in the light of the decisions taken by the EEC Council of Ministers on 26 July and the resumption of the negotiations.

The CIRAI confirmed that it was taking part, in the agricultural sector of the Kennedy Round, in multilateral negotiations covering not only customs tariffs but also all aspects of protection implied in a totalling of all types of support. On the other hand the CIRAI had rejected the approach to the problem adopted by Mr. Blumenthal, Ambassador, representing the United States, according to whom trade concessions on low-cost imports of foodstuffs would be offered in return for substantial trade concessions on industrial products. The CIRAI considered that this would entail intolerable sacrifices for the agricultural sector running counter to Article 39 of the Rome Treaty.

The CIRAI, which had welcomed the idea of a 'rate of self-sufficiency', had come to the conclusion that the EEC's agricultural offers would stimulate trade - the fundamental aim of the Kennedy Round. The Community could indeed only accept certain sacrifices in order to justify the common external tariff and defend the common agricultural policy measures in force, or in course of preparation, if it could secure in return: (1) a clear definition of the 'totalling of support' that would not hamper the necessary annual reviews of prices; (2) respect of the concept of reciprocal treatment in the agri-

cultural sector and for one and the same product; (3) an undertaking to expand international trade in accordance with a code of good conduct.

Finally, the CIRAI held that only sacrifices connected with tariffs could be considered in the negotiations, and that these would necessarily have to be limited. On the other hand the counter concessions referred to were irrevocable because the agricultural sector could not alone suffer the disadvantages of trends in world trade, and the provision of products on such lines would tend to push back more and more the agricultural objectives of the national economic development programme. (Il Popolo, 17 September 1966)

#### 4. Development of trade with State-trading countries

On 29 June 1966 the French Economic and Social Council adopted an Opinion on the development of trade with State-trading countries after discussing a report submitted by Mr. Maurice Byé on the subject.

The Council thought it desirable to expand trade between France and Eastern bloc countries. This would be made easier by recent trends in those countries. East-West trade remained, however, of a specific nature owing to the differences between their economic systems.

The Economic and Social Council felt that the freeing of trade between East and West should normally lead to increasing and diversifying it. However, liberalization under a trading arrangement governed by bilateral agreements concluded between different systems posed a number of particular problems. In this connexion the Council listed a number of measures to be taken to ensure an overall balance at the highest trade level and to avoid abnormal imports. The Council then examined questions concerning marketing, research and its relation to production before going on to examine the relations existing between international and European organizations and countries of the Eastern bloc.

The Economic and Social Council noted that agreements between France and countries of the East covered the transition period of the Treaty of Rome. The maintenance of different trading systems in relations between EEC member States and the Eastern countries raised difficul-

ties which justified frequent application of Article 115 of the Rome Treaty. It created a disparity between (i) the industrial product system and the agricultural product system to which the industrial product system applied and (ii) the agricultural product system to which the Regulation of 24 January 1963 applied. The following steps were therefore desirable: (1) in accordance with the precedent established for imports from the Eastern bloc of ECSC-type products, a common stand should be taken by EEC member States in the event of major difficulties resulting from abnormal imports; (2) the consultative procedure to be followed between the Six under the Council of Ministers' decision of 9 October 1961, and measures for improving this procedure suggested by the Commission on 12 February 1964 (Doc. I/COM (64) 49 final) should be applied; (3) these consultations should relate mainly to the progress that could be made - by way of convertibility and multilateralism - under the agreements in force through convertibility and multilateralism, to negotiations concerning the conditions under which countries of the Eastern bloc could be admitted to international organizations such as GATT and IMF, to conditions for the grant of commercial credits, and to co-operation of aid to developing countries; (4) a common commercial policy should be prepared.

The aim should be to increase the multilateral aspect of trade and payments. Multilateralism would help to expand and diversify trade and to lighten the difficulties peculiar to East-West trade. By inserting convertibility clauses in its agreements France had shown the importance it attached to multilateralism. It should be noted, however, that so far COMECON countries had abided by the principle of the bilateral balance of trade and of payments with each of their trading partners. In accordance with the principles established by GATT it was desirable: (i) that the International Bank for Economic Co-operation, which had since 1964 linked together the COMECON countries, or any other specialist institution, should turn to mutual convertibility of currencies of that area; (ii) that in the event of imbalances liable to hamper the expansion of long-term East-West trade, particularly where EEC member States were involved, consultations should be held between the governments, and the advantages of a multilateral approach be considered; (iii) that trade or development activities undertaken jointly in underdeveloped areas of the world should, as pointed out later, be based on a three-way system.

It was also desirable that France and countries of the Eastern bloc should trade with the developing countries



and provide them with plant and equipment. Such trade could take the following forms: (i) purchases and sales by the Eastern countries in the African and Malagasy States of the franc area; this trade would be likely to expand and to ensure, with the diversification of trade between the franc area and the Eastern bloc, high-level equilibrium of the balance of trade; (ii) development projects undertaken with the support of the FAC (Fund for Aid and Co-operation) facilitating three-way trade (aid to Africa financed by the Fund and including an 'Eastern' contribution towards plant and equipment, countervailing purchases by the East in France or in the EEC); (iii) co-operation leading to co-production in an industrial plant set up in some underdeveloped country with the aid of equipment and technicians from the East and West and representatives of local interests.

Such measures would stimulate three-way trade, and expand trade in general, and lead to solidarity between countries with different systems in development aid policy matters.

The rules applied by international organizations - in particular by GATT - should be adapted to the specific requirements of trade with State-trading countries. Applications for admission from Eastern countries should therefore be encouraged under conditions of equivalence to be defined, i.e. measures likely to be similar in effect to the abolition of quotas, the reduction of tariffs or the most-favoured-nation clause in the West. Under these conditions, calling in Eastern bloc countries in negotiations on the expansion of trade, the reform of the international monetary system and the pursuit of common policies (agriculture, primary commodities, energy) appeared both desirable and feasible, and would increase the stability of world economic development.

(Journal Officiel, Opinion and reports of the Economic and Social Council, 14 August 1966)



## P a r t II

### PARLIAMENTARY ACTIVITY

#### I. EUROPEAN PARLIAMENT

a) Thirteenth Joint Meeting of the European Parliament and of the Consultative Assembly of the Council of Europe

The Thirteenth Joint Meeting of the European Parliament and of the Consultative Assembly of the Council of Europe was held at Strasbourg on 23 and 24 September 1966. The following matters were discussed:

- (1) enlargement of the European Community;
- (2) requirements of scientific and technological co-operation in Western Europe;
- (3) Europe's political and economic responsibilities in the world.

Mr. D. Catroux submitted the European Parliament's report to the Consultative Assembly of the Council of Europe (Doc. 93/1966-67) on the extension of the European Community, Europe's economic and political responsibilities in the world, and the Parliament's activities from 1 May 1965 to 30 April 1966.

Mr. Catroux pointed out that, outside the economic sphere, Community member States were in principle seeking political union even though agreement still remained to be reached as to the precise form this would take. As to the enlargement of the Community, this should not be aimed at promoting a form of free trade but should be fitted into the framework of a real economic union. The problem in all sectors of European development was that of a concerted general policy of Community member States or of all countries of Western Europe. Was Europe ready - asked Mr. Catroux - to shoulder her responsibilities in the world?

Mr. Czérnetz submitted the political report on behalf of

the Council of Europe. The rôle that Europe, and particularly a united Europe, could play in world politics was determined by the international situation. An alliance between the United States and the Soviet Union had become a necessity to preserve peace. No balanced system of European security was possible without the United States. As regards the unification of Europe, the structures of the EEC, of EFTA and of the Council of Europe were all of value in so far as political will was displayed by various Governments.

Mr. Kershaw, Rapporteur of the Consultative Assembly's Economic Committee, dwelt mainly on relations between the United Kingdom and the EEC, which formed the keystone of any general arrangement between the Six and the Seven. There could be no doubt that Britain's future was bound up with that of the continent of Europe. However, the economic and financial difficulties through which Britain was passing meant that the time had not yet come for it to enter the Common Market.

Mr. Reverdin, in submitting the report of the Consultative Assembly's Cultural Affairs Committee, stressed that practical experience should always come before theory in the European unification process and more particularly in the new field of scientific and technical research.

Mr. Hallstein opened the discussion on behalf of the EEC Commission. He was in complete agreement with the Catroux report. The Community's activities, which had now returned to normal, represented at once a fact and a political example merely by their daily impact on the lives of six united peoples, even though economic integration did not automatically entail full integration.

The Community would not be complete until it had been enlarged by the admission of other European States. It was unfair, however, to blame the division in Europe on the group of States that had started up the process of unification. The Community had also made a sizeable contribution towards the stability of the world's economy, the development of international trade and, more particularly, aid to developing countries.

Mr. Sassen, member of the Euratom Commission, deplored, like other speakers before him, the separation of Europe into three blocks. He dwelt on the value of the experience accumulated by Euratom and explained that the nuclear sector was less specific than might be thought and had a bearing on all branches of pure and applied

science. Moreover, Euratom's working methods were highly flexible, so that its unique experience would prove indispensable for all future European projects.

Mr. Del Bo, President of the High Authority of the ECSC, conveyed the High Authority's approval of the Catroux report and spoke about the Community's external relations. He pointed out that although the three Community Treaties defined 'outward-looking' Communities they failed to provide adequate instruments in the field of external relations.

As regards problems peculiar to the ECSC, Mr. Del Bo felt that the difficulty for the iron and steel industry lay less in its production capacity than in the fact that the use of steel had not yet become sufficiently general. The Soviet Union, Japan and the United States had not the slightest intention of cutting down their capacities or deliveries. A renewed effort would have to be made to re-adapt the industry jointly with the developing countries.

The discussion then turned to the question of Britain's admission to the Community. On behalf of the Christian Democrat Group, Mr. Furler outlined the Community's achievements and the progress made by it. He stated that there were no real obstacles - not even the pound crisis - to the entry of other European countries to the Community.

Mr. Vredeling, spokesman of the Socialist Group of the European Parliament, felt that the problem of British entry could be easily solved if the Six themselves invited Britain to resume negotiations. As a member of the Community, Great Britain would find it easier to solve its monetary and economic problems.

Mr. Kriedemann did not share the general optimism regarding the harmonious development of European unification. He feared that the increasingly specific nature of the measures taken by the Six would make any enlargement of the Community increasingly difficult.

Mr. Merchiers, speaking for the Liberal and Allies Group, stated the Europe of the Six - the cynosure of many neighbouring countries - ought to facilitate the entry of new members and particularly of Great Britain.

Mr. Gordon Walker stated that the current check on political progress in the Community could facilitate Great Britain's admission. For the time being the common agri-

cultural policy presented a difficulty as it would impose a further burden on Britain's balance of payments. In his view, however, the greatest difficulties facing Great Britain's entry into the Common Market could be surmounted before the end of the present British Parliament.

Mr. Duncan Sandys regretted that the dialogue between the EEC and EFTA had not yet been seriously started upon. Progress towards a larger united Europe would have to be made by stages. Great Britain needed Europe but Europe also needed Britain. Exploratory talks would have to be initiated in order to clarify the situation.

Mr. Heffer felt that Great Britain should not apply for admission individually. It would derive greater benefit from negotiations between EFTA countries as a whole and the Community, an approach he considered offered sure advantages.

Mr. Schulz wanted to clarify the discussion between advocates of an enlarged Community and the 'bridge-builders'. He appealed to both sides to adopt a realistic approach.

Mrs. Summerskill dwelt on the advantages Great Britain would derive from admission to the EEC, particularly in saving the £282 million a year at present being spent on subsidies.

Mr. Weber (Switzerland) pointed out that EFTA, under comparable conditions, achieved the same trade results as the EEC. Without suggesting precisely how the two economic blocs should be brought together, he called on all concerned to adopt a realistic attitude with a view to putting an end to economic division in free Europe.

Mr. Rey, member of the EEC Commission, spoke first of the political conditions for the unification of the European continent. Public opinion in Great Britain had matured, and matters were also 'warming up' within the Community. The idea of enlarging the Community had taken precedence over that of building a bridge between the two economic blocs. It was now for the Community to speak. The EEC would adopt a flexible approach to any talks. While there could be negotiating over what had already been achieved, certain economic aspects could be reviewed and modified. As to the timetable to be followed, Mr. Rey did not think it would be necessary to wait until Britain's domestic difficulties had been resolved before embarking upon negotiations. It would be advisable to start the exploratory talks directly the Kennedy Round negotiations were completed.

Following some remark by Mr. Moreau de Melen on the conditions for Great Britain's admission to the Community, Mr. Dodds-Parker commented on Mr. Rey's statements and expressed a wish for the rapid enlargement of the Community.

Mr. de la Vallée Poussin also spoke out in favour of Great Britain's entry and of a tighter schedule. He called for a common European monetary system and appealed to France and Great Britain to open the dialogue.

Mr. Moeller addressed a final appeal to Great Britain to join the EEC as soon as possible; not only would it be to its advantage but, in addition, its EFTA partners would not wait indefinitely for this step to be taken.

Mr. Silkin welcomed the good psychological climate in which the discussions were being conducted. Obstacles were being brought down one after the other and Great Britain's loyal adhesion to the Community was drawing nearer.

A number of speakers dwelt on the need for co-operation in the industrial, scientific, technological and cultural sectors in Eastern Europe.

Mr. Armengaud discussed the size of enterprises and its influence on research potential in Europe. He deplored the delay in concentrating enterprises in Europe and advocated the formation of European companies which could stimulate the interpenetration of European interests and wield an influence comparable to that of large-scale international undertakings.

Mr. Mauk drew attention to the importance of youth problems and advocated the preparation of a real convention for European youth to serve as a general directive for a common youth policy.

Mr. Michaud spoke on inter-municipal trade and on the pairing off of cities, and recommended that a 'European Youth Office' should be set up.

Mr. Webster analyzed the progress made in the European nuclear sector.

Mr. Margue dealt with the harmonization of legislative provisions in the Community, and asked that the debate should be conducted within a wider context and be more closely co-ordinated at European level.

Mr. Oele, for the Socialist Group of the European Parliament, spoke on political problems affecting the co-ordinated development of scientific research. He stressed the importance of long-term planning in research.

Mr. Feyzioglu underlined the danger of a world divided into 'haves' and 'have-nots'. He called for co-operation between East and West on development aid, and dwelt on the scientific and technological aspects of development.

b) Work of the Committees in September

Political Committee (1)

Meeting of 15 September in Berlin: Perusal and adoption, in the presence of Messrs. Del Bo, de Groote and Hallstein, of draft Opinion prepared by Mr. Terrenoire on a proposal for a resolution submitted by Mr. Gaetano Martino, on behalf of the Liberal and Allies Group, for a common science policy. Examination of draft report prepared by Mr. Illerhaus on the merger of the Executives and relations between the Communities' institutions; and on proposals for a resolution by Mr. Birkelbach and others, Mrs. Strobel and Mr. Dichgans.

External Trade Committee (2)

Meeting of 20 September in Brussels: Discussion, in the presence of representatives of the EEC Commission, on international agreements covering agricultural products. Perusal of Opinion for submission to the Agricultural Committee on Mr. Kriedemann's report. Discussion, in the presence of Mr. Rey, on the progress made in the Kennedy Round negotiations in GATT.



### Agricultural Committee (3)

Meeting of 13 September in Brussels: Resumption of study of draft report by Mr. Lücker on problems connected with the conclusion of an international cereals agreement. Perusal and approval of draft Opinions by Mr. Rossi for submission to the Internal Market Committee on draft directives relating to:

- a) the right of agricultural workers who are citizens of one member State and established in another member State to join the co-operatives;
- b) the right of agricultural workers who are citizens of one member State and established in another member State to receive the various forms of credit.

Perusal of draft report by Mr. Lardinois on a draft Council regulation relating to the gradual introduction of a common market organization in the non-edible agricultural products sector. Discussion on the EEC Commission's report to the Council on the progress made in the cereals sector following the Council's decision of 15 December 1962.

### Social Committee (4)

Meeting of 15 September in Brussels: Examination of Ninth Report on social trends in the Community (Rapporteur: Mr. Müller).

Meeting of 19 September in Brussels: Examination of draft medium-term economic policy programme. (Drafter of Opinion: Mr. Bersani). Appointment of Mr. Carcaterra as Rapporteur on the proposal for a regulation governing certain national road traffic provisions.

### Internal Market Committee (5)

Meeting of 1 September in Brussels: Examination, in the presence of EEC Commission representatives, and vote on draft Opinion by Mr. Breyne on the Ninth General Report on the activities of the EEC. Examination, in the presence of EEC Commission representatives, and vote on draft report by Mr. Leemans on a directive for the

removal of restrictions on freedom of establishment and freedom to provide services in respect of unpaid activities of banks and other financial establishments.

Meeting of 13 September in Brussels: Examination, in the presence of High Authority representatives, of specific aspects of competition and of the internal market coming within the province of the ECSC.

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

Meeting of 16 September in Brussels: Appointment of drafter of an Opinion on the Commission's proposal to the Council for a regulation governing imports of rice grown in Madagascar and Surinam. Discussion on questions connected with preparations for the next meeting of the EEC-AAMS Joint Committee to be held in Mogadishu (Somalia) on 24-29 September 1966 on Chairman's statement on the study and fact-finding mission to be carried out in West Africa and Madagascar by a delegation of the Committee following the next meeting of the Joint Committee.

#### Transport Committee (8)

Meeting of 16 September in The Hague: Statement by the High Authority of the ECSC and the EEC Commission on the policy pursued regarding exceptional tariffs. Statement by the Chairman of the Netherlands Committee on transport licences on the Dutch transport policy regarding motor vehicles. Appointment of Mr. Laan as Rapporteur on the harmonization of certain social provisions on road transport, of Mr. Richarts on aid to rail, road and inland waterway transport undertakings, and of Mr. Jozeau-Marigné on the standardization of provisions relating to duty-free entry of fuel in the tanks of commercial motor vehicles. Report by Mr. Schaus, member of the EEC Commission, on the progress made on transport policy.

### Energy Committee (9)

Meeting of 12 September in Brussels: Discussion on the attention to be given to the information provided by the EEC Commission in various sections of the report on the policy to be pursued by the Community regarding petroleum and natural gas. Examination and adoption of the draft of a motion for a resolution on the report. Debate on the coal policy situation. Debate on the need to hold a Committee meeting in Italy.

Meeting of 30 September in Brussels: Statement by the Rapporteur and discussion on the main features of the report on European energy policy (Rapporteur: Mr. Blaisse). Debate on the coal policy situation in the light of the statement made by Mr. Hellwig, High Authority member, on 12 September 1966.

### Research and Cultural Affairs Committee (10)

Meeting of 14 September in Brussels: Perusal and approval, in the presence of the Executives of the three European Communities, of draft report by Mr. Schuijt on proposal for a resolution submitted by Mr. Gaetano Martino for the Liberal and Allies Group on a common European science policy. Communication from the Chairman on the Committee's decision to visit the nuclear research establishment in Jülich (Germany). Discussion on Mr. Oele's proposal to examine the problem of adopting a single system of colour television throughout the European Community. Discussion on the work of the Tenth session of the Council for Cultural Co-operation (CCC) held within the context of the Council of Europe on 6-10 June 1966 in Strasbourg.

### Health Protection Committee (11)

Meeting of 16 September in Brussels: Discussion with the EEC Commission on sections of the report on social trends in the Community in 1965 falling within the Committee's sphere of competence. Appointment of Mrs. Gennai Tonietti as drafter of the Committee's Opinion on the report.

Discussion with the EEC Commission on its proposal to the Council for a directive on the approximation of member States' legislative provisions on colorants in pharmaceutical products.

#### Budget and Administration Committee (12)

Meeting of 22 September in Strasbourg: Examination and vote on report by Mr. Leemans on the reports and accounts of the EEC and ECSC on budget operations for the year 1964, and on the report by the Audit Committee of the EEC and of the ECSC for the year 1964.

Meeting of 29 September in Brussels: Examination, in the presence of the ECSC Commission, of draft supplementary research and investment budget for 1966 drawn up by the Council, and discussion on the state of the Euratom budget. Examination of preliminary draft supplementary estimates of the European Parliament for 1966. Discussion on the consultation requested by the Councils under Articles 203/117 of the EEC and Euratom Treaties and on the sections of the preliminary draft budgets of the EEC and Euratom relating to the European Parliament for the year 1967; perusal of and vote on a report on the subject.

#### Legal Committee (13)

Meeting of 30 September in Brussels: Discussion on time-limits for replies to questions put to the Executives of the European Communities. Perusal and adoption of draft Opinion on proposal for a resolution submitted by Mrs. Strobel, for the Socialist Group, on the widening of the European Parliament's responsibilities and the definition of the tasks of the various EEC institutions (drafter of Opinion: Mr. Jozeau-Marigné). Appointment of Mr. Deringer as Rapporteur on legal protection of individuals vis-à-vis the European Treaties.

## Committee for Associations (14)

Meeting of 19 September in Brussels: Discussion with an eye on the second session of the Joint Parliamentary Committee 'EEC-Turkey' at Ankara and preparations for the seventh session of the Joint Parliamentary Committee 'EEC-Greece' at Toulouse. Perusal and adoption of working document drawn up by Mr. Scarascia-Mugnozza on the third Annual Report of the Council of Association 'EEC-Greece'.

### Joint Parliamentary Committee 'EEC-Greece'

Meeting of 29 September and 1 October at Toulouse: Perusal of Third Annual Report of the Association Council and of statistics for the period 1961-65. Perusal of working documents drawn up by the joint Rapporteurs, Mr. Hassapidis and Mr. Scarascia-Mugnozza, and discussions on:

- a) the activities of the Association's institutions and the rôle of the Joint Parliamentary Committee;
- b) the economic development of Greece, the creation of industrial zones, and action by the European Investment Bank;
- c) harmonization of Greek agricultural policy with that of the European Community;
- d) problems of Greek manpower and its specialized training;
- e) preparation and adoption of recommendations for submission to the Greek Parliament and the European Parliament on the Third Annual Report of the Association Council.

### Parliamentary Conference of the Association

#### Joint Committee

Meeting of 24-29 September in Mogadishu: Perusal and adoption of draft report by Mr. Sissoko on the Second Annual Report on the activities of the Council of Association of the Parliamentary Conference. Study of problems of technical and cultural co-operation and of the way in which they should be solved. Study and

adoption of draft report by Mr. Ebagnitchie on the annual report and accounts for 1965 and on the draft provisional estimates for 1967. Discussion on the timetable of work of the institutions of the Association. Discussion on the future work of the Joint Committee, with particular reference to the timetable for meetings for 1967.

## II. CONSULTATIVE ASSEMBLY OF THE COUNCIL OF EUROPE

### Political debate at the Consultative Assembly of the Council of Europe (26-27 September)

The 18th ordinary session of the Consultative Assembly of the Council of Europe was held at Strasbourg from 26 to 30 September, the main item on the agenda being general politics.

Mr. Federspiel (Denmark), Rapporteur of the Political Committee, in submitting his report on this subject, stressed the importance of bringing home to all European States the threat their division constituted for the future of European civilization. While the situation had changed since the days of the cold war, it should not be forgotten that the security of Europe still depended mainly on the military might of the United States and it was both dangerous and absurd to prolong the division between the EEC and EFTA in the name of antiquated ideas.

Mr. Federspiel added that as regards relations between Great Britain, the EFTA countries and the Common Market, France should cease to impose two preliminary conditions, namely (i) that a country applying for membership of the Community should first resolve all its internal problems, and (ii) that each country should have to wait until all applicants had concluded the negotiations before it was admitted to the Community.

Denmark was daily encountering fresh difficulties in its economic relations with Common Market countries. It could not wait indefinitely, and Great Britain for its part ought not to prevent other countries from joining before it had done so. The Eastern bloc countries no longer regarded the Common Market as a hostile organization, and this was yet another reason for expanding European union. A field in which East and West could already co-operate with success was that of aid to developing countries.

Mr. Federspiel was confident of the success of a concerted East-West aid policy which would be a step towards lasting and world peace. 'This is probably the last chance Europe will get.' This should be seized if the present era was not to go down in history as one of lost

opportunities.

In the course of the debate Mr. Heffer (Great Britain) stated that it could be hoped that the French would do their utmost to ensure that the problem of Great Britain's entry into the Common Market was satisfactorily solved. On the other hand, the head of the French State had already done much to bring the West and East closer together, and for this Europe should be grateful to him.

Mr. Cosgrave (Ireland) expressed his concern at trends in the European Community. Three and a half years had passed since Great Britain and a number of other countries had applied for membership of the Common Market. Their applications had been rejected and it had been political reasons that had prompted General de Gaulle to block Britain's entry. Ireland's situation had become extremely difficult. It had seen its agricultural exports to the EEC alarmingly reduced by the common external tariff. This was a serious state of affairs not only from the economic but also from the political point of view because it had aroused in the sufferers a real resentment which could damage the European cause.

Mr. Cosgrave then suggested that immediate measures be taken to remedy the situation and in particular that the Assembly of the Council of Europe set up a special body to examine the difficulties raised by the EEC's common external tariff.

Mr. Erim (Turkey) dwelt on the immense success achieved by the Common Market. It had been said that General de Gaulle had stood in its way, but a single statesman, however great, could not prevent a just cause from making good. Within two or three years the economic unity of the countries of democratic Europe would be a fact. The fact that in the past several centuries had been needed to make such progress in individual States underlined the enormous success of the Common Market.

Mr. Goedhart (Netherlands) stated that a genuine détente between the East and West would never be achieved by negotiations between the nations of Western Europe and those of the East. Treaties were not made between corporals but between marshals. A genuine détente was feasible only if agreement could be reached in which America and the Soviet Union were the senior partners.

During the debate Mr. Krag, Prime Minister of Denmark, stated that the ultimate organizational form European union would take could not be determined in advance.



But anything that helped to increase production, to facilitate the free movement of capital and persons, and to raise the standard of living and defend Europe's cultural and democratic traditions was certainly a step forward in the right direction. At all events Europe could not be in opposition to the United States. To talk of a Europe stretching from the Atlantic to the Urals was unrealistic, even if the European countries were to try to improve their relations with the Soviet Union and with all countries of the East belonging to the great European family. The path towards European union however had been practically blocked in 1963. Nationalism remained a potent force and Western Europe was split into two rival economic blocs. For three years now all attempts to escape from the vicious circle had come to naught. There was no point, however, in giving up, and no move that might hold a promise of success should be rejected. Denmark was one of the countries which bore the brunt of the difficulties existing between EFTA and the Common Market, and the Danes hoped that after the meeting of the Nordic Council in February 1967 a Nordic initiative would be taken to solve European problems. The Scandinavian countries might perhaps launch an appeal to Great Britain and France inviting them to resume the talks interrupted in 1963.

Mr. Petersen (Norway), referring to the Nordic initiative alluded to by the Danish Prime Minister, expressed scepticism about the effects it might have under existing circumstances. It was France that was blocking the road to European integration. France, therefore, should explain exactly what its wishes were. All the other countries were prepared to make concessions but it was essential that they should know exactly what was expected of them.

Mr. Blenkinsop (Great Britain) thanked Mr. Krag for his outline of the intentions of the Danish Government, but pointed out that any initiative by one of the EFTA countries would have to be taken after consultation with all the others.

Mr. Edwards (Great Britain) drew the Danish Prime Minister's attention to the need, before taking action, to ascertain exactly what were France's intentions. There would be no point in taking initiatives if France remained determined to block Great Britain's admission to the European Community. Mr. Edwards also recalled that Britain had decided to apply for entry only after making sure that the interests of all EFTA members would be safeguarded.

Mr. Krag, Danish Prime Minister, informed all who had taken the floor that all EFTA members would be notified of any initiative, adding that he hoped that the President of the French Republic would take a favourable attitude.

(Council of Europe, Consultative Assembly, Official Report of 26 and 27 September 1966).

### III. NATIONAL PARLIAMENTS

#### a) France

#### Written question on the creation of a European-type company

In a written question to the French Prime Minister, Mr. Cousté (Independent), member of the National Assembly, asked what action the French Government intended to take on the EEC Commission's memorandum regarding the creation of a European-type company.

The Prime Minister replied that on 15 March 1965 the French Government had proposed the creation of a European-type company in the Six and called for the setting up of a working party to draft a convention establishing a uniform law for this purpose. This proposal had already been examined on two occasions by representatives of the Six. The memorandum submitted on the subject by the EEC Commission on 22 April 1966 dealt with two possible approaches to the problem, i.e. on the basis of a Community law or of uniform national laws. While giving preference to the first of these solutions, the memorandum observed that its adoption would mean that a number of resulting problems would have to be solved, and did not underestimate the difficulties that would have to be overcome. The French Government, while considering the second solution - the one proposed by it - to be the more realistic under present circumstances, and more likely to achieve speedier results, saw no reason why discussions should not be pursued while taking into account the Commission's memorandum. As to time-limits, the Government had again and again stressed the need for prompt action, while not concealing the fact that the task of working out such a convention would take considerable time.  
(Journal Officiel, Debates of the National Assembly, 24 September 1966)

b) The Netherlands

Debates: Speech from the throne and Europe

At the opening of the 1966/67 session of the States-General, Queen Juliana made the following statement:

'At the beginning of this year the European Communities were fortunately able to resume their activities with renewed vigour. Since then important results have been achieved in the EEC, particularly in the agricultural sector. Radical divergences of view nevertheless remain. These concern in particular the strengthening of parliamentary influence and the adhesion to the Community of Great Britain and other European countries. The Government will continue to do all in its power with these aims in view, and to ensure the success of the Kennedy Round negotiations. The EEC will thus be able to make a major contribution to the expansion of world trade from which the developing countries will also benefit.'

(Joint session of the two Chambers, 1966/67 session)

Written questions

Closer co-operation between the EEC and EFTA

In reply to a question put by Mr. Berkhouwer (People's Party for Freedom and Democracy) on 8 September, Mr. Cals, Prime Minister and interim Minister for Foreign Affairs, made the following statement on 6 October.

'The Government regrets that the EEC has not yet followed up EFTA's proposals for closer co-operation with the EEC. Although at first the lack of response might have been due to the crisis in the Community, the fact remains that it has in the meantime been impossible to reach unanimity on a really positive reply. The Government itself considers that a Dutch initiative aimed at ensuring a positive reply would serve a useful purpose. The extent to which an initiative by the President of the Council might lead to an agreement is being considered.'

(Annex to Debates of the Second Chamber, 1966/67, p. 33)

## Turnover tax

On 14 September Mr. Portheine (People's Party for Freedom and Democracy) asked whether it was true that the Netherlands Minister had announced, at the meeting of the EEC Finance Ministers held on 12 September, that the Netherlands was considering the adoption of the added-value tax system. On 26 September Mr. Vondeling, Finance Minister - speaking also on behalf of Mr. Hoefnagels, Secretary of State for Finance - stated, that during the meeting referred to the Netherlands delegation had announced that a study on the introduction of an added-value tax system had been forwarded to the parties concerned and that the Government was waiting for their comments. (Annex to Debates of the Second Chamber, 1966/67, p. 11)

## Special Council of Ministers of the ECSC discusses the coal problem

In reply to a question put by Mr. Westerterp (Catholic People's Party) on 21 July regarding the attitude adopted by the Netherlands delegation at the meeting of the Special Council of Ministers of the ECSC held on 12 July 1966, Mr. Den Uyl, Minister for Economic Affairs, stated on 17 August that the delegation considered that the structural imbalance between supply and demand affecting all types of coal could not be redressed by temporary measures. The problem of adapting production to demand had to be tackled anew throughout the Community, not only for coking coal but also for other types. It would be impossible to pursue an adequate policy without a lucid grasp of the basic problems of the coal market. Should aligning production on demand at first yield inadequate results, supplementary measures - for example, co-ordinating commercial policies for domestic coal - would have to be taken.

As to the possible effects of the delay in drawing up a common financial regulation for coking coal, whatever the form of regulation finally adopted, it would be essential to ensure that ECSC Treaty obligations were complied with. (Annex to Debates of the Second Chamber, 1965-66, p.1317)

The Special Council of Ministers of the ECSC discusses exceptional ('als-ob') tariffs

In reply to questions from Mr. Berkhouwer (People's Party for Freedom and Democracy) concerning the High Authority's approval of a number of exceptional tariffs authorized by the German State Railways for the carriage by rail of coal and iron and steel products, Mr. Luns, Minister for Foreign Affairs, Mr. Den Uyl, Minister for Economic Affairs, Mr. Samkalden, Minister of Justice, and Mr. Suurhoff, Transport Minister, announced on 5 September 1966 that the Netherlands Government, believing that the High Authority's Decision No. 14/66 was contrary to the ECSC Treaty, had decided to appeal against it at the Court of Justice of the European Communities in Luxembourg.

(Annex to Debates of the Second Chamber, 1965-66, p.1365)

Belgian measures to reduce the price of domestic coal produced in Belgium

On 21 July Mr. Den Uyl, Minister for Economic Affairs, replying to questions put on 23 June by Mr. Blaisse and Mr. Maenen of the Catholic People's Party, stated that the High Authority would have to ascertain whether Belgian aid to collieries aimed at reducing prices of domestic coal produced at home interfered with the smooth operation of the Common Market. The executive was engaged in deciding the attitude it would adopt. The conclusion the Netherlands Minister for Economic Affairs would draw from the High Authority's attitude, and the grounds therefor, would be communicated to the High Authority either direct or at a meeting of the Special Council of Ministers.

(Annex to Debates of the Second Chamber, 1965-66, p.1209)

State aid for the Netherlands coalmining industry

(Article 56,2 of the ECSC Treaty)

On 21 July Mr. Den Uyl, Minister for Economic Affairs, replying to questions put on 13 July by Mr. Maenen and

Mr. Van Son of the Catholic People's Party, stated that Article 56 of the ECSC Treaty stipulated that the High Authority might make non-repayable grants to coalmining undertakings forced to cease, reduce or change their activities. In a number of cases the Netherlands Government had applied for such aid from the High Authority which had granted it. Workers affected by proposed reductions in work could therefore benefit from the provisions of the general agreement concluded with the High Authority on 20 July 1966, as well as from the provisions of Article 4 of the High Authority's Decision No. 3/65 supplementing the arrangements laid down in Article 56 of the ECSC Treaty. The Minister for Economic Affairs did not feel it was essential, for the purposes of an effective social policy for mineworkers or of the satisfactory application of the rules of adaptation, to apply these provisions to a large number of undertakings, let alone to the coalmining industry as a whole.  
(Annex to Debates of the Second Chamber, 1965-66, p.1235)