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P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION



I. GENERAL PROBLEMS

1. The Common Market crisis. Position of the French Government

Reporting on the meeting of the French Council of Ministers held on 17 November 1965, when Mr. Couve de Murville referred to his talks with Mr. Schroeder, the Minister of Information stated in particular: "Mr. Couve de Murville and Mr. Schroeder discussed very thoroughly the Common Market crisis. This discussion followed on the talks between Mr. Couve de Murville and Mr. Fornari in connexion with the letter from Mr. Colombo, the Italian Finance Minister, and the statement previously made by Mr. Paul-Henri Spaak, the Belgian Foreign Minister. The talks with Mr. Schroeder turned on the problems relating to the common market deadlock and the conditions under which a meeting of the Six might be arranged. The talks which started last week will be pursued in the weeks to come. This exchange of views, based on Mr. Spaak's statement, leads the French Government to believe that the conditions for resuming negotiations on the organization of a Common Market are now more propitious."

In reply to a question, the Minister of Information added: "These conditions have improved in two respects. First, as a result of the fact that three Member States of the European Community (Belgium, Italy and Germany) have expressed the wish to resume the discussion on the Common Market and to bring it to a successful conclusion, in accordance with France's wish. Secondly, it now seems likely that the Foreign Ministers may be able to meet in the near future to examine all these problems."

At its meeting of 24 November 1965, the French Council of Ministers heard a report on the talks between Mr. Couve de Murville and Mr. Heath. The Minister of Information stated at the close of the meeting that the French Foreign Minister had made it clear that the main object of these talks was to look into European problems, whether political, military or economic. The Minister added: "Following this statement, General de Gaulle declared that "There are a number of signs pointing to the fact that former impediments to a rapprochement between the United Kingdom and continental Europe have now been removed. The problem appears to be gradually maturing in a positive sense. This development, should it become more clearly evident, would be favourably viewed by France." In reply to a journalist who asked whether a conference of the Foreign Ministers of the six Member States of the Community could be expected to take place before 5 December, Mr. Peyrefitte stated: "It would not be appropriate for France to take a fundamental decision before 5 December, but prospects remain positive."

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Replying to a further question on the prospect of a summit conference of the Six, Mr. Peyrefitte stated: "A summit conference is by no means excluded. It was favourably considered in the past. Should such a conference take place, it would, however, have to be preceded by a meeting of the Foreign Ministers." (Le Monde, 18 and 25 November 1965)

2. The French Fifth Plan and European policy

During the debate on the Fifth Plan held in the French National Assembly on 3 and 5 November 1965, several speakers, including the Prime Minister, referred to European questions.

The Prime Minister, Mr. Pompidou, stated in particular: "As you know, the Plan was drawn up on the assumption of a normal development of the EEC. It goes without saying that should this prove to be a forlorn hope, we shall have to make some amendments to the Plan on which we would report to the Assembly.

But the scope of any such amendments should not be exaggerated. In the case of industry, nothing essential would be changed, as the Government is determined to pursue the liberalization of trade. In the case of agriculture, only very slight changes would be made - indeed, these would not be anything like what is expected and quite different from what the Press forecasts. In fact, the changes would mainly result in increasing the budgetary burden in respect of surplus cereal products to an extent that would not upset the general balance.

It would be wholly unrealistic to assume that our producers could, for instance, go on developing cereal crops while our partners would be prepared to incur the charges without imposing any limit, for experience has shown that even moderate proposals for financial regulations have not immediately met with the approval of the five. This is the least that can be said on this point.

At all events, it is definitely in our farming interests to promote a policy aiming at producing commodities that are imported by the Common Market but whose world production is not in excess of actual requirements. I refer to top grade wheat, secondary cereals for processing and beef and veal production.

This policy is already embodied in the Fifth Plan. Economic truth will out, and it will not always be possible to conduct simultaneously an industrial policy that implies free

competition with an agricultural policy that is based on quotas. France, thanks to the fertility of her soil and the quality of her climate, will definitely benefit from such a development. This is why we are preparing the country for it, and the recommendations of the Fifth Plan will be just as useful whether the Common Market is achieved, as we hope, or not.

In any case, it is important that our agriculture should adjust itself to the international market, that it should be organized to meet competition and that it should reform its structure. The Government, for its part, is determined to bring about this reform by all the means at its disposal, including budgetary means. It is also determined to encourage groupings and organizations that have realized the need for such a reform, and to prepare for transitions and social and human consequences entailed by such a deep transformation. It also intends to ignore adverse propaganda campaigns."

Mr. Terrenoire (UNR) hoped that negotiations with the other countries of the EEC "would be resumed in the near future under conditions of equity, loyalty and acceptance of the responsibilities referred to by General de Gaulle in his press conference of 9 September." However, farmers should understand that the Common Market is not a panacea.

The same idea was put forward by Mr. Fanton (UNR): "The Common Market is, for French agriculture, a chance which the Government is defending with all its power, but it is not a remedy to all the difficulties encountered by our farmers." The speaker went on to say that it would be wrong to suggest that the forecasts and objectives of the Plan should necessarily be adjusted to the development of the Common Market. There was no direct connexion between the Common Market crisis and a number of forecasts in the Plan. Mr. Fanton felt that the Plan was a necessary condition for facing international competition: "Whatever the future of the Common Market, whether it is achieved in the near future or at a later date, the aim of the Plan is not merely to make it easier for France to join an organization which, as some believe, will make it possible for European economy to be protected against world competition by means of a protective common external tariff. The aim of the Plan is actually to enable French economy to face international competition under favourable conditions.

It would be vain to believe that the removal of customs barriers within the Europe of the Six would be sufficient to make French economy competitive. While correct forecasts or reasonable objectives are necessary conditions of economic progress, they are not, however, sufficient conditions for achieving such progress. Our economy needs also structural reforms."

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Mr. Pleven (Democratic Centre) declared that he was "surprised that no reference had been made to the contributions that could be made to our investments by the European Investment Bank and by the European Agricultural Guidance and Guarantee Fund. If we are really convinced that the Common Market will go on, how can we overlook the contribution that could be made by these Community institutions, considering in particular the scale on which financial assistance is given, for example, to underdeveloped areas in Italy by the European Bank.

Up till now, 67 per cent of the Bank's loans were granted to Italy, 15 per cent only to our country and, in 1964, the percentage of loans granted to Italy reached 75 per cent; this included the financing of the Brenner motorway and of the telephone network in Sardinia.

The loans granted by the European Bank do not appear to raise a political problem, but they do raise a financial one. The Bank deals in account units, i.e. in gold. The French Treasury has never agreed to cover French borrowers against the exchange rate risk and this had considerably reduced the number of applications made by French firms to the Bank.

I consider that in order to foster the industrialization of our underdeveloped areas, this exchange rate guarantee, even if it means asking the borrowers to pay an insurance premium, would be warranted. "Investment starvation" in our country is such that we should make full use of the facilities offered by the European Investment Bank.

I would also point to the desirability of directing agriculture towards the Guidance Department of the European Guidance and Guarantee Fund which has very large means at the disposal of operations for modifying agricultural structures."

Mr. M. Faure (Democratic Centre) replied to the Prime Minister by stressing the consequences of a hold-up of the Common Market: "The Common Market countries provide our economy with a privileged market, organized with that minimum of safety which our economy would not find under any other condition. Where else could we find the common external tariff of our six countries? The safeguard clauses to which any member country could resort, as was recently the case for Italy in connexion with refrigerators, the clauses concerning mutual assistance in case of an excessive deficit in the balance of payments of one of the Member States, the harmonization of conditions of competition, which is admittedly too slow in being carried into effect and which we hope will be speeded up by means of the fiscal, monetary and social policies and the economic policy in its various branches (i.e. transport, energy, etc.), where else would you find anything equivalent?"

Moreover, if the Common Market were to come to an end and if we bartered it for some kind of free trade area, do you think that our partners would continue to assume, if not all, at least a large part of the burdens imposed on our budget by our agricultural policy and our overseas policy?

Either our budget would take over the whole of this burden - and how would you then maintain the budgetary balance? - or you would force our farmers and the overseas countries that benefit from the F.E.D.O.M. to bear the consequences of your policy, at a time when you claim to be redeploying your assistance. This would obviously be impossible and, at any rate, in contradiction with your aims."

In reply to the speakers, the Prime Minister pointed out that the Common Market was one of the basic assumptions of the Plan but that it was not the actual basis of the Plan. The Plan included several other assumptions which were equally important and sometimes even more important: "I refer for example," the Prime Minister went on to say, "to the objective of keeping wages within limits that are compatible with the stability of industrial prices, maintaining balanced public funds and discouraging excessive consumption in order to promote savings. I must confess that I am surprised that the speakers, in particular those of the opposition that have insisted so much that the basis of the Common Market must be kept at any cost, have spoken less of the need to take measures to consolidate other and equally essential bases.

I repeat, I sincerely hope that the European Economic Community will achieve its aim. But I must stress that its failure to do so would merely result in increasing the budgetary burden to a large extent although, in comparison with the general balance in the use of our resources, this burden would remain marginal.

One must never say or think that there is no alternative to successful negotiations, for this means resigning oneself to accepting the conditions of partners." (J.O. Débats parlementaires, Assemblée nationale, 4, 5 and 6 November 1965)

3. The Europe of equals. A definition of Professor Hallstein

In an article in an Italian daily newspaper Professor Hallstein, President of the EEC Commission, explained what was meant by the political integration of Europe; it involved - as opposed to the "European system of States", whose instability had been clearly demonstrated in the tragic vicissitudes of two world wars - a system of stability and balance.

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Professor Hallstein wrote that under such a system of European balance, the interests of the States would not be at the mercy of any casual or arbitrary interplay of forces; they would be entrusted to an independent administration common to all Europeans. Thus, instead of basing foreign policy on a static balance, there would be a common domestic policy for European progress. Instead of constantly requesting external powers to bring greater or less pressure to bear on the balance of power, the personality of Europe would gradually emerge and, with it, a state of friendly co-existence between equals; this would bring security and independence vis-à-vis the world at large.

The Community, he added, was born and nurtured on law. It was not the result of any clash of forces nor had it been imposed by a victorious power. To form it, free states had united of their own free will. It was the source of a new law, that is European law which promoted, dovetailed and developed, the original law, i.e. the Treaty of Rome. It constituted a new legal order, which was day by day applied and made operative. This order, he stressed, was directed primarily at the economy and at social conditions. In terms of European strategy this meant an alliance which linked the European idea with economic good sense and social progress. This was in itself a factor for strength and stability, for what was not dictated by reason was bound always to be disadvantageous. But the real significance of the link between what was economically desirable and what was politically necessary, lay much deeper: it was clear that when a vital force such as economy became geared to the dictates of peace, then its very existence became dependent on preserving peace and this, not purely for mercantile ends.

What was wanted was not the destruction of the Member States but their vital union. Europe was a multiplicity of factors and that multiplicity had to be preserved.

Professor Hallstein pointed out that the Community was more than a federation and less than a confederation. He concluded his article by saying that even what was described as economic integration was nothing other than the partial achievement of political union. This was political in its content, to wit economic and social policy. It was political in the aims to which it gave expression: consolidating Europe against outside threats, guaranteeing of its independence, giving it the say it deserved in the political events of the world. It was also political in its implications. ("Il Resto del Carlino, 4 November 1965)

4. The Italian Socialist Party and Europe

"Italy's major foreign policy problem is that of Europe and the Congress calls upon the Party to use every effort, in the interests not only of economic but also of political unity, to keep in close touch with the Socialist International, the European Left and the trade union organizations in the six countries of the European Common Market." This pan-European statement was embodied in the concluding motion passed at the close of the 36th National Congress of the Italian Socialist Party, held in Rome from 10 to 14 November.

The statement summed up the views on this question expressed at the Congress, first by its Secretary, Mr. De Martino, then by Mr. Nenni, Deputy Prime Minister, and lastly by Mr. Zagari, Under-Secretary of State for Foreign Affairs.

Mr. De Martino, who opened the Conference, devoted part of his report to the European question; he outlined the views of the Socialist Party on the various common problems arising from the present situation in the Community. A serious crisis had occurred in the construction of a community of peoples, whose aim was to create a united Europe, and this crisis was due to General de Gaulle's "exasperated vision" of French power and his obstinate refusal to take any step towards Community institutions that were above the national powers. Europe, he said, had never needed economic and, therefore, political integration as much as it did now. Creating a free market and lifting customs barriers could not be dissociated from the articulation by the Community, i.e. the supranational bodies, of the aims to be pursued and the means to be employed.

Mr. De Martino then recalled that the P.S.I. (Italian Socialist Party) regarded as essential the creation of a European Parliament by direct universal suffrage, the constitution of an Executive having clearly defined powers and economic planning within the ambit of the Community.

He described as absurd the discriminatory criterion applied in Italy in electing the Italian representatives to the European Parliament; he said that the Socialists not only supported the entry of the Communists into the Community but that of all the political groups in Italy. In conclusion he said that the world of labour would not be convinced that the united Europe was democratic if its bodies represented Europe not as it was but an artificial Europe with certain of its component parts lopped off.

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Mr. Nenni, the Party leader, and Mr. Zagari endorsed the standpoint taken by the Secretary General, stressing in particular the need for Socialist action to take the form of a pan-European action that was increasingly alert and in touch with realities in every sector in which it was able to work - political, economic, trade union and social. (Europa Unita - 11/12/15 November 1965)

5. Socialism and Europe

The "Jean Moulin Club" has published at the Editions du Seuil a monograph on socialism and Europe, extracts of which have been published in Le Monde. Some of these read as follows:

"In so far as the Atlantic policy and the liberalism of our partners are likely to be at a premium in the Europe of the future, a large - and not the least enlightened - section of the French Left considers that it is essential above all to set up a national planned economy and incomes policy. There would always be ample time later to build any sort of Europe, as a last resource solution should the French experience fail.

This policy appears to be misguided in two respects:

1. First, it implies that France is in a position to conduct an independent organization policy. This is no longer true...
...France is now too deeply involved in the Common Market; her economy and her working classes themselves have derived too much profit for her to envisage, were it only verbally, the experience of socialism in a single country. Our socialism will be European or there will be no socialism.
2. Secondly, the reticence of the Left with regard to Europe is based on the belief that France provides a privileged field of application for a renovated socialist policy. In fact, this is not in the least evident...

What is, one might ask, the substance of this kind of French socialism which is said to be irreconcilable with the European concepts of our partners?

... Some mediocre "compromise between antiquated dogmatics and the dubious shifts of an empirical policy". We all find that the "collapse of the old socialist doctrine is almost complete" and before even having tried the proposed reconstruction we are shocked at the fact that our European partners still cling to it...

... France is today forced into a much deeper form of international integration than the one she had anticipated. The problem of major internal political options can only be raised if such options are possible.

It remains to be seen whether such integration will be accepted by France or whether it will be controlled by her. This is precisely one of the aims at the root of socialism...

In short, French socialism is today faced with two obligations:

- a) Finding first a sufficiently large geographical space for her economic expansion to reach its maximum impetus and for stepping up at the same time individual consumption and collective investment. The difficulty lies no longer in choosing between various policies when the only possible policy happens to be the most efficient one. In fact, no policy based on economic progress, except that of free trade, is effective today if it cannot operate within a framework grouping together at least 200 to 250 million people. The European Common Market - with or without the United Kingdom - meets this requirement.
- b) Ensuring that the appropriations deriving from the national income are allocated according to similar principles, both in France and in neighbouring countries. This implies not only economic European unity but also political unity.

... Let us acknowledge the fact that we have done our utmost to dissuade our partners from keeping aloof from the United States. A weak and proud neighbour is more difficult to bear with than a powerful, accommodating and remote protector. Let us also give full credit to the United States for having supported, and still supporting the cause of European unification, admittedly in her own best interests but, at the same time, against what could have been, as in the case of our diplomacy, her philosophy on relations between States. Let us

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finally recognize that America's military might is still today the only true safeguard against any threats to our existence as free nations. It is not by pretending to ignore these facts that we shall point to our partners the real danger of lasting dependence on America.

Beyond the disagreement over attitudes and words, one finds broader agreement than is generally imagined. Our industrialists are not the only ones to fear colonization through investments. It would be sufficient for Europe to have institutions, that is a government and a parliament, for an independent European policy to be achieved. But, through a strange paradox, France refuses to grant to Europe the institutions that would enable Europe to achieve the policy which France wants. (Le Monde, 11 November 1965)

6. The Free Trade Union Federations of the Six call for the creation of the United States of Europe

At the close of a large European meeting, organized in Paris on 19 November by the Free Trade Union Federations of the six countries of the European Community, the assembly unanimously passed the following declaration:

"The integration of Europe is seriously threatened.

The free trade unionists of the countries of the European Community have endeavoured since the end of the last war to build up a European community that would ensure peace and social progress.

On behalf of millions of workers, they earnestly appeal to all the Governments and to all statesmen not to embark on the dangerous course of national particularism.

They demand full compliance with the Treaties of Rome and Paris and with their basic objectives which aim at safeguarding peace and freedom through ever closer union between the peoples of Europe and joint action to promote economic and social progress.

They demand the resolute implementation of these Treaties and, in particular, respect for the institutions and the procedures provided for in those Treaties.

They reject any attempt to resolve current economic, social and political problems by means of 19th Century authoritarian and nationalistic methods.

The workers of the Community are determined to continue the struggle for a united, democratic and dynamic Europe. They are prepared to fight all those who oppose this aim.

No one has the right to shatter the hopes of the peoples of Europe in a truly common future." (Force ouvrière, 24 November 1965)

7. Common Market - a conditional resumption of negotiations

Under the above title, Mr. René Blondelle, chairman of the Standing Assembly of Chairmen of Chambers of Agriculture, gave his point of view on the European crisis and on agriculture in the Common Market. In his conclusion, Mr. Blondelle wrote: "The positions are now clear. The French Government ascribes the success of the first eight years of the Common Market to a fortunate coincidence and it attacks the Treaty of Rome itself. The agricultural problems are described as secondary in the origin of the crisis. According to the President of the French Republic, the Treaty of Rome should be revised.

The farming organizations consider that there is a divergence between the opinion of the Head of the State and the viewpoints they have constantly expressed. They consider that the initial stages of the common agricultural policy are proof of the efficiency of the Community institutions and they demand an early resumption of negotiations on the basis of the latest proposals of the European Commission. In fact, a resumption of negotiations is not excluded but it is by no means certain. It is still conditional. What these conditions really are remains the secret of those who will make them known or accept to declare that they are satisfactory. I think that some of our partners will show patience or pretend to be patient but I doubt whether the others will do so.

A compromise could be found, particularly if certain countries do not object to France assuming the responsibility for introducing a request to revise the Treaty itself as this would enable them to secure amendments to provisions that are not suitable to them. I think, for instance, that the countries that were tempted by the idea of a free trade area would be prepared to accept a diluted common market. However, I fear that if such an arrangement should come about, it may well lead to a definite abandonment of the spirit and the

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letter of the Treaty of Rome on which our farmers had pinned their hopes of securing higher prices and more markets for most products. France's general economy as well as her agricultural economy would suffer from a continuation of the present state of uncertainty, particularly at a time when it is imperative to take final options if one does not intend to jeopardize the objectives of the Fifth Plan.

I would finally add that the support given by the farmers to the European idea is not actuated by economic reasons only. They have suffered far too much during the past decades from the conflicts that have opposed to each other the nations of the old continent, not to support the idea of a union based on principles that are not merely mercantile." (APPCA, Bulletin de Presse et d'Information, November 1965, Extract from the "Revue des deux Mondes", 15 October 1965)

8. The Trade Union of Food and Drink Suppliers and Caterers (IBFG) and the EEC crisis

In Brussels on 15 and 16 November 1965, the Trade Union of Food and Drink Suppliers and Caterers in the EEC (incorporating hotel staffs and workers in the food and tobacco trades) discussed the activity report of its secretariat and laid down the guide-lines for its future policy. Mr. Walter Braun was in the Chair.

On the present EEC crisis, the IBFG representatives expressed their concern as to the future of the Common Market. In rejecting the invitation of the five Governments made on 27 October to resume the negotiations suspended on 30 June, France had, they considered, acted in a way bound to aggravate the difficulties of resuming normal discussions between the six EEC States.

Nonetheless, the IBFG called upon the EEC Commission and the Governments of the five EEC States to continue their efforts to integrate and finalize the Common Market whatever obstacles might impede its ultimate realization.

The IBFG was convinced that the European and international feelings of the French worker would induce him to oppose the isolation of his country and accelerate the resumption of work directed at the creation of a socially advanced and free Europe. (Press Release of the Trade Union of Food and Drink Suppliers and Caterers in the EEC, 16 November 1965)

9. The crisis of the agricultural common market

Under the above title, the "Revue Socialiste" has published an article by Mr. E. Weill-Raynal which discusses the provisions of the Rome Treaty concerning agriculture and the gradual introduction of the common agricultural policy up to the breakdown of 30 June 1965. The author of the article dealt in particular with the way in which, in his opinion, "General de Gaulle is destroying the Treaty of Rome", as demonstrated by the press conference of 9 September: "It is not true that General de Gaulle had laid down the terms for establishing the agricultural community: these had been laid down in the Treaty of Rome which was signed before he came to power. General de Gaulle escribes the responsibility for the crisis of the agricultural common market to our partners and to the EEC Commission; he withholds from the French nation the fact that, on his instructions, the provision for direct payment of import levies into the common agricultural fund as from 1.7.67 had not been accepted by the French Foreign Minister on 15.6.65, in spite of the fact that this condition had been specifically requested by and granted to France in December 1964 and that it would have, definitely and permanently, ensured preference for French agricultural products over external agricultural products on the markets of the other Community countries. General de Gaulle's aim was to avoid democratic financial control of the fund by the European Parliament. He has sacrificed the interests of French agriculture to a reactionary policy.

General de Gaulle is concealing from the French people the fact that by hampering, through France's abstention, the running of the European Community, he is violating the Treaty of Rome, which he claims to want to apply, as well as the French Constitution. General de Gaulle is concealing from the French nation the fresh proposals made by the Commission which, in the opinion of French farming organizations, would make it possible to resume the Brussels negotiations. He is making the resumption of these negotiations conditional upon a change in the structure of the Community established by the Treaty of Rome, a change which will not be accepted by the five other countries of the Community. The running of the agricultural common market is threatened for an indefinite period of time. This would also mean for French farmers the end of their hope to export their products.

Apart from the question of the future of French democracy, which will be raised by the presidential election of 5 December, a further problem is at stake: the future of the agricultural common market and of a European federation. It is impossible to let this whole task be called in question merely because the adoption of the new financial regulation of the agricultural fund had not been unanimously approved by

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30 June 1965. Legally speaking, how could six ministers undertake to reach agreement by a given date? In fact, the first financial regulation, valid until 30 June 1965, had been adopted on 14 January 1962 with a fortnight's delay on the time-limit fixed for 31 December 1961, and on 30 June 1965 the five other countries had agreed and are still willing today to continue the discussion. It was France who refused to continue and is now demanding conditions which would topsy-turvy the Treaty of Rome." (La Revue Socialiste, October 1965)

10. Meeting of the British and Italian Delegations of the European Movement

Following their meeting in Rome on 25-27 November at which they discussed European defence problems, external affairs and aid to developing countries, the delegations of the British and Italian Councils of the European Movement issued a joint communiqué expressing their conviction that the present crisis in the Common Market had to be resolved in Community terms, in accordance with the spirit and the letter of the Treaty of Rome.

The communiqué stated that both delegations had confirmed that their aim was to build a politically and economically united Europe, taking the EEC as a basis and extending it to other European democracies ready to assume the obligations involved.

Both delegations recognized that the nations of Europe could not hope to wield sufficient weight either in NATO or in the wider sphere of world affairs until they were able to give expression to a common political line. They fully agreed, furthermore, with the recent recommendations made by the Parliamentary Assembly of Western European Union that the integrated structure of NATO should be maintained, that the decision-taking machinery of the Atlantic Alliance should be improved and that the defence expenditure disparity between Europe and the United States had to be rectified for it had seriously delayed technological progress in Europe.

At this meeting, Professor Petrilli, President of the Italian Council of the European Movement, spoke in favour of the accession of the United Kingdom to the EEC. He said that European integration was axiomatic to the success of the Atlantic Alliance in terms of the relationship of interdependence which President Kennedy recognized as likely to be conducive to the European Allies' playing a more responsible part in common decision-taking. Making the prospect of Atlantic interdependence a reality implied the creation of a real political Europe; this could only come about through

widening, in gradual stages, the present geographical bounds of the European Community. This had to be effected at the highest integration level, calling explicitly for the Governments of the EFTA Member States to prepare for accession and for the Governments of the EEC countries to reach agreement on such accessions. Widening the Community bounds was not inconsistent with strengthening the existing institutional links, for the latter guaranteed the Community's irreversibility.

As for the Community crisis, Professor Petrilli felt that compromise solutions should be rejected; reshaping the Community institutions - an essential step initiated by the Treaty merging the Executives - must not involve emptying the institutions themselves of their supranational content. The true essence of the Community method did not lie in adopting specific voting procedures as much as in the presence of the "synthesis" factor manifest in a body independent of the national Governments, able effectively to reconcile the interests of the Member States - an essential task - and act as a stimulus in the search for common solutions. He concluded by saying that to ensure there was effective democratic control, to achieve political co-ordination and to remedy shortcomings, European elections by universal suffrage (European Parliament) had to come because the political Europe would win acceptance only if democratic control machinery, commensurate with the nature and the scale of the new centres of decision, were provided.

Mr. Duncan Sandys, of the British Delegation, said that as long as the European countries remained politically divided, they would not be able to exercise in full their influence in NATO or in the world at large. Achieving European political union ought, therefore, to be the main aim of European policy. Whatever the form of the future political union might be, it would be valuable for this to be based on an EEC enlarged through the accession of the United Kingdom and other European countries. Pending this, Mr. Sandys said, common lines on defence and international relations could be worked out in the W.E.U. - the most appropriate setting for achieving this end.

Mr. Zagari, Under-Secretary of State for Foreign Affairs, stressed the need felt today for a large united Europe - in touch on constructive co-existence terms with the East European countries - which would assume its rightful position in its relations with the United States, the countries of the "third world" and the Soviet Union. To translate this need into reality, the European countries (including the United Kingdom and the Scandinavian countries) had to thrash out together the basic aims to be embodied in a fresh, global outlook for Europe, both at the political and the economic levels.

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Mr. Zagari added that one could also agree to set up the machinery for European political consultations; this should, however, hold out the possibility of the North European countries being admitted, to provide balance and democratic guarantees. The temporary sacrifice of the supranational integration formula could only be compensated for by transcending the closed compass of the present one, from which for reasons beyond our control the difficulties stemmed. (Europa Unita, 29 November 1965)

11. Extraordinary Congress of the European Movement in the Netherlands on the European crisis

At an Extraordinary Congress of the European Movement in the Netherlands, held in Rotterdam on 13 November, Mr. Cals, the Prime Minister, stated in particular:

"What direction will the EEC take? What is its fate going to be? It is extremely difficult to form an opinion on this subject when discussions with France have still to be resumed. Above all, it seems important to me - whatever happens - that the five Member States which are at present sharing the work of the Community, should continue to aim at a maximalist Community attitude. I consider that such unity is the essential condition for any solution, whether it is to repair the broken links, which is what we are expecting and hoping for, or whether it is to engage on diverging paths, which is what none of us wants. The Five, united, must do everything in their power to bring back France to the Community fold and renew the former relationship.

The declaration passed by the Five on 26 October 1965 was an earnest attempt towards this aim. In the meantime, they must endeavour to maintain what has already been achieved in order to prevent disintegration and retrogradation. It is obvious that in the long run at least this action cannot be confined to maintaining a minimum status quo but that it inevitably implies the adoption of further decisions. There are far too many urgent problems awaiting solutions, as regards both the internal growth of the Community and its external relations. Suffice it to mention the Kennedy Round to show that we can no longer afford to delight in remaining in the present situation of forced impotence. I cannot say how and when it will be possible to take these decisions. I do not wish to pretend that this will be an easy matter, but less still do I wish to suggest that it is impossible. Comparable situations on the Security Council in 1950 and on the inter-Allied Control Commission in Berlin in 1948 provide useful examples of the way in which one need not be forced to

inactivity as a result of the absence of one of the partners. Finally, there may be certain prospects of increasing the number of members through the accession of those who would like to carry on by accepting our principles."

In his speech, Mr. Mansholt, Vice-President of the EEC Commission, criticized the European Parliament for not having held in November its usual colloquy with the Council of Ministers, which would have been devoted this time to the European crisis. Mr. Mansholt felt that the European Parliament had deprived itself of the only opportunity that was open to it to bring some influence to bear on the important decisions which the Council would shortly be taking. All the Community bodies should fulfil their duty as otherwise the whole set-up would be weakened.

Mr. Mansholt shared the view of Mr. Cals that concessions to France did not provide any possibility of settling the current EEC crisis:

"We must endeavour to resume political discussions with France, but we should not give in on important issues for this would mean the end of the European Community. France's five partners must therefore prepare themselves to act as custodians of the Treaties.

From a legal point of view, there is no obstacle to the Community continuing as a five-nation partnership," Mr. Mansholt stated. He added:

"Following the French boycott, the European Executive is reduced to inactivity and this situation cannot last much longer. It is not a matter of years but of months."

The Vice-President of the EEC Commission felt that the deadline for France's return should be February or March 1966 and he hoped that by then the union of the Five would be as strong as it is today.

At the close of the proceedings, the Congress issued the following statement:

"The Extraordinary Congress of the European Movement in the Netherlands, meeting in Rotterdam on 13 November 1965,

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- a) records its satisfaction at the statement made on 26 October 1965 by the Council of Ministers of the European Communities; in this the Governments of Belgium, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands earnestly appealed to the French Government to return to the Council;
 - b) hopes that the French Government will reply to this appeal and make a constructive contribution towards the solution of the differences that have emerged;
 - c) is convinced that the proposed special meeting of the Council of Ministers, which would exceptionally be held without the Commission, will deal exclusively with the general situation in the Community;
 - d) appeals to the Governments of the Member States of the Community to see to it that no damage whatever is inflicted on the structure of the Community as set up by the Rome and Paris Treaties and, in particular, to oppose any attempt to curtail the powers of the EEC Commission or to refuse majority decisions as provided for in the Treaties;
 - e) states that if, despite the appeal by the Council of Ministers to the French Government, the latter maintains its decision to remain outside the Communities, it will be incumbent upon the Governments of the other partners to apply the Rome and Paris Treaties which show the course to be followed to achieve a European Community with democratic objectives, outward-looking and aware of its responsibilities in the world."
- (Information Bulletin of the Delegations of the States General to International Parliamentary Assemblies, No. 3 - Nieuwe Rotterdamse Courant, 15 November, Haagse Courant, 15 November)

12. The Dutch Ministers and the European crisis

In addition to Mr. Cals, Prime Minister, who spoke on 13 November at an Extraordinary Congress meeting of the European Movement in Rotterdam (1), two ministers, Mr. Biesheuvel (Agriculture) and Mr. Den Uyl (Economic Affairs) referred to the European crisis.

On 2 November at a meeting of the provincial committee of the electoral sections of the Frisian Anti-Revolutionary Party, held at Leeuwarden, Mr. Biesheuvel made the following statement:

(1) See article on the Congress in this issue of the Monthly Bulletin

"A number of commentators believe that the time has come to oppose French claims by a strong policy. I feel, however, that all those who support such a policy do not expect the same results from it. Some hope that it will, in due course, induce the French President or his successor to make concessions. The Communities must go on - temporarily and as best as they can, and if need be, as five partners only. Others, on the other hand, propose to break off from France as quickly as possible. They doubt whether the Communities could continue to exist in their present form. We must therefore avail ourselves of the opportunity to initiate the sort of wider European co-operation we have been longing to achieve for some time now.

However, we must consider what, in an enlarged concert of nations, could be salvaged from the achievements of the Six. It is no longer possible to wait, especially with regard to the Kennedy Round, where time presses.

The expression "firm policy" covers therefore widely different concepts.

It is therefore essential to find an answer to the question whether we are prepared to do our utmost to face these difficulties within the framework of the Six, in the present stage of the crisis. To this question, the Government gave an affirmative reply in the Queen's Speech. I believe therefore that it would be premature to state that, at the present juncture, this is impossible; it will remain premature as long as we have not explored all the possibilities of finding a solution. I consider that it is unadvisable at this stage, also because of the interests at stake. I am referring to the nationalist trends that would find a favourable opportunity in the failure of European unification. I do not think either that the people of Europe will definitely give up the intermediate stage of national sovereignty if we were to separate from a country such as France. Everything must be done in order that France should share our common cause.

In advance, I am far from convinced that the Five cannot succeed under these conditions. In any case, it is gratifying to find that France's five partners have maintained their cohesion during the four past months. They have thus, once again, reaffirmed their allegiance to the European Treaties.

There are two things which must not be lost sight of. In the first place, it is the fact that France, too, has enormous economic interests at stake and, in this connexion, I am thinking mainly of that country's agricultural potential. But, above all, France's industrial development cannot conceivably be achieved within the restricted framework of her national

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frontiers. No government aware of reality - which is a quality constantly claimed by the French Government - can afford to overlook such interests.

In the second place, we should realize that from a political viewpoint as well, the French position is extremely weak: France wants an independent Europe, a Europe that has a say in world politics, but she is rejecting the only solution likely to achieve this objective. This must be clearly conveyed to France; it will take time and delicate negotiations."

At a meeting of the German-Dutch Chamber of Commerce, held in Amsterdam on 18 November, Mr. Den Uyl stated:

"I think it advisable to stress the importance of the EEC for the economic growth of the Member States and the fact that considerable means are brought into play to maintain the results achieved. This applies to all the Member States. There is not a single Member State of the EEC that has not profited by the expansion of markets over the past few years and that would have no interest in this development being pursued. It is precisely because these Member States have been involved in a process of growth that it has been possible to carry out the initial phase of integration at so fast a pace.

For its part, economic expansion has received an essential stimulus from the liberalization of trade and investments actuated by the prospects of success that could be expected from a common market. The various economic sectors have, so to speak, anticipated on its development. This is a positive fact which is far from negligible. It is an important factor, too, in the speculations that may be made on the progress of integration. The complexity of interests involved has a stabilizing influence when there are high political aims. Admittedly, they could not protect the EEC against failure, but they could reduce the risk of such a failure occurring. It is hardly conceivable that the Six would go back again to the stage of strengthening the system of national frontiers.

Nevertheless, should this ever happen, it would be bound to have repercussions throughout other parts of the world. There might result not only stagnation in economic growth within and without the EEC, but all the post-war achievements in the field of trade policy could possibly disintegrate. The Kennedy Round would be doomed to failure and I cannot see as yet what alternative course we should have to follow to solve in a satisfactory manner international problems associated with trade policy.

If all this is fully realized, it should be obvious enough that the governments of the Member States are assuming enormous responsibilities under present circumstances. Accordingly, no possibility must be ignored in order to extricate the Six from the present deadlock.

It is therefore gratifying to find that in the business spheres of all the countries concerned, including France, some sections of public opinion have urged continued progress on the course chosen in the past. Economic spheres must realize that a revival of political nationalism, inescapably leading to economic nationalism, would follow from stagnation and a return to the past.

In this connexion, I would like to emphasize that at the time when the crisis broke out, the EEC's development was still half-way on its course and that prospects of further large opportunities were looming large. We are at the beginning of the second phase of the integration process when the need to co-ordinate policies in various sectors is increasingly being stressed. This means that we have now reached the crux of the problem of integration. We have advanced on the way towards trade liberalization and the free movement of capital and we have derived considerable benefits from this. But just as, in the national States, this policy is essential with regard to the various economic sectors, savings, investments and consumption, in order to lead to an optimum increase in welfare, all the benefits of the common market will only be obtained by following within the EEC a clearly defined common policy in the main economic sectors and by resorting to the instruments of economic policy.

The concept of this common policy translates the very essence of the European Communities: supranationality, to which the position of the EEC Commission is linked, with its counterpart: parliamentary control. It would be surprising if this measure which deeply affects the national structures and which, in practice, sets the national governments over against a supranational authority, did not give rise to delicate situations. But if we left it at that, it would mean giving up an aim that had already been partly achieved. This is why it is essential to combine firmness with patience. Firmness in respecting the objectives and principles of the European Treaties, patience in trying to achieve unity within the framework of these Treaties and thus pursue the process of integration within the EEC. It is gratifying to note that the unanimous attitude of the five partners was founded on this concept at the last meeting of the EEC Council of Ministers.

..... If, against all expectations, we had to choose between a European Community of the Five, implying a common policy and therefore supranationality, and a Europe of the Six without a common policy, we would have to opt for the preservation and strengthening of the institutions based on the

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principle of a common policy which was achieved at the cost of so many sacrifices and efforts....." (Information Bulletin of the Delegations of the States General to the International Parliamentary Assemblies, No. 3)

II. ECONOMIC POLICY AND ECONOMIC SECTORS

1. The "Charbonnages de France" (French Coal Board) and the common energy policy

In the Annual Report for 1964 of the Charbonnages de France the following reference is made to the common energy policy: "At the beginning of 1965, the High Authority took a decision laying down the conditions under which ECSC collieries may be allowed to receive grants in aid from their respective countries. It may be hoped that these measures will lead to the introduction of a common energy policy and the setting up of a common energy market, and allay the fears that these measures might be deferred.

With regard to the decision taken by the Governments to merge the three Community Executives into a single Executive on 1 January 1966, this does not solve the basic problems which, in fact, can only be settled later, that is when the Treaties are merged. Until further notice, therefore, the ECSC collieries will have to rely on measures taken or to be taken by their respective countries in order to ensure their equilibrium. The French Government has set for the Charbonnages de France, for 1970, a production objective of 48 million tons (\pm 1.5 million tons), which is in fact 5 million tons less than that of the Jeanneney plan for 1960-65. Regarding competition from imported energy sources, it is to be regretted - as previously mentioned - that the 5 per cent restriction on scale price rebates for fuel oil has been cancelled, so that these rebates can now again be quite substantial although of course they do not apply to motor-fuels. Furthermore, certain transfer prices for imported coals have been reduced and are thus affecting Community coal prices.

Admittedly the Charbonnages de France fully realize that Community consumers should seek to obtain energy at low prices and as quickly as possible. They are at one, however, with the Bureau d'Information et de Prévisions Economiques (Economic Information Forecasting Office) in considering that the price of energy has only a very minor bearing on the competitiveness of most economic sectors. This finding is, moreover, confirmed by one of the most distinguished American experts on energy matters, Mr. Milton Searl, who wrote in his book on "Fossil fuels in the future" that even if the cost of energy were doubled or trebled, this would not represent a heavy burden on the economy of the United States so long as it were spread over a number of years and so long as the situation remained the same in most other countries." It may therefore be wondered whether the Community is not sacrificing the largest and safest of its long-term energy supplies for the sake of a very temporary profit that may even prove to be an imaginary short-term profit.

We also have to acknowledge the fact that the Community is at the same time following a fundamentally different policy with regard to agricultural markets, whose relative importance in the general economy is much greater than that of energy. The organization of all these markets, be it for cereals, pigmeat, beef and veal, dairy produce or fruit and vegetables, will entail extremely efficient protection on the frontiers of the Community and within the Community market, supplemented by interventions of the European Agricultural Guidance and Guarantee Fund to absorb surpluses and to support prices if there should be a slump.

A close study of the reasons for such a policy shows that, on the whole, they apply just as much to energy as to agricultural products. A final aspect of Community policy concerns the energy economy, in particular transport. The cost of transport represents a large part of "delivered" prices for energy. The object of the Treaty was to introduce a transparent coal market. This was rightly so, considering that anarchic competition would permanently jeopardize the workableness of the collieries. If these had to be closed they would have to be regarded as definitely lost to the economy.

The transparency of this market requires in turn the transparency of prices ex collieries and that of transport prices, and there is no doubt that this is strictly in accordance with the spirit and the letter of the Treaty of Paris.

However, the transparency of the coal transport market has never been properly carried out since starting the Common Market and should the compromise envisaged by the High Authority - in so far as can be judged by its Thirteenth General Report - be applied, it would establish the fact that the High Authority accepts to depart from Article 4b) 70,1 of the Treaty, and section 10,3 sub-sections 2 and 3 of the Convention annexed thereto.

This would undeniably mean that one of the principles likely to maintain a certain order of competition, as laid down in the Treaty, has been abandoned." (Charbonnages de France, General Report for 1964)

2. What would French agriculture become without the agricultural common market?

The French farming organizations have published a White Paper on the Common Market and Agriculture in which they first refer to the substance of the Treaty of Rome and then stress

the fact that the farming organizations had endorsed the content of the Treaty. After dealing with the initial stages of the common agricultural policy, the White Paper summarizes the various events that have led to the crisis of 30 June 1965 and its consequences for the Community. In this connexion, the White Paper points out that the common agricultural policy has been jeopardized, that confidence between the partners of the EEC has been seriously shaken and that without such confidence there could be no Community.

According to the Paper "it has become obvious, since the statements made by the President of the Republic and the Foreign Minister, that agriculture was not the main cause of the breakdown in the negotiations, for, in any case, "the crisis was inevitable"; the main reasons for it are political.

Agriculture is the sector that was most seriously affected by suspending the progress of the European construction. At the European level the breakdown is threatening the very existence of the common agricultural policy by crystallizing an incomplete state of development. From the point of view of French agriculture, the breakdown of 30 June is threatening the efforts made a) to increase agricultural markets, b) to raise agricultural incomes and c) to reach the parity provided for in the guidance law of August 1960.

The agricultural balance of external trade would be seriously affected if the system of levies and refunds provided for in the common policy were given up. The world market does not provide French agriculture with markets and a profit-earning capacity equivalent to those that may be expected from the introduction of the agricultural common market.

The consequences of a protracted delay in the construction of Europe would be just as serious for the agricultural income which is continually deteriorating in comparison with that of the other economic sectors; this would result in serious social and economic problems. Finally, a break-away from the Common Market would inevitably entail a complete revision of the Fifth Plan which is founded on the assumption that an economic Europe can be achieved."

Regarding France's agricultural trade, the White Paper comments as follows: "In view of the importance of our trade with the EEC, any delay in the progress of the common agricultural policy would be prejudicial to our exports to the other member countries. All the more so, any interruption in the Common Market would soon induce our partners, in the absence of any preferential machinery, increasingly to resort to world markets characterized by their low prices.

Interrupting common policies and common commercial rules while maintaining lower customs and quota barriers would create an untenable situation for the various sectors of French economy. Each of the six countries would develop its own economic and agricultural policy regardless of the prejudice caused to its neighbours. Competition in Europe itself would become keener. World prices would be ruling and our exports would be conditioned by them, whereas in the Common Market our sales to our partners must be effected at common prices."

Considering that the organization of markets for several products has not yet been introduced, the farming associations felt that "if all these products (mutton, potatoes, fruit and vegetables, textiles, tobacco, etc.) should remain without a Community status and, in particular, unprotected against third countries (which is, in various cases, a major problem) while customs protection is diminishing, there would be a risk of their disappearing.

To secure the necessary balance between the various productions, it is essential to pursue a common agricultural policy and to speed up work."

With regard to agricultural prices, the common market "represents an opportunity to make up for the decrease in the agricultural income in relation to the income of other categories. If the Common Market were not to be achieved, everything would be called in question. It is certain that the Government would re-introduce higher prices for these measures were not inspired by internal reasons but were merely the implementation of the decisions of 15 December 1964.

In addition, the absence of a Community preference and a Community financial support would involve export charges closely connected to the level of French prices. One would therefore have to expect a lowering of French prices and, accordingly, of the agricultural income."

In order to achieve a balanced common agricultural policy, common prices (in particular those of meat products) should be fixed without delay and in accordance with the level of common prices for cereals.

The White Paper then goes on to deal with the consequences of the breakdown for the Fifth Plan: "The European common market is essential to the agricultural objectives of the Fifth Plan such as they are at present, but the Market must be regarded as a whole. This means, therefore, for the near

future, that the common agricultural policy must be continued and that an increased effort must be made in respect of meat products, as well as in the social, structural and regional fields."

In conclusion, the White Paper stressed that the issue at stake in the present crisis was not the economic Europe only but also the future of the political Europe. A Common Market called for the subsequent creation of a united political Europe; this remained the aim of the people of Europe.

France had signed the Treaty of Rome. She could not denounce it. Naturally, she was entitled to discuss lines on which it should be achieved in a Community spirit; but in order to discuss, it is necessary to resume the dialogue without a prerequisite that is contrary to the Treaty of Rome. The farmers urged that this be done.

For its part, the General Secretariat of the Inter-ministerial Committee for European questions, attached to the Office of the Prime Minister, has drawn up a document which was in fact a balance-sheet of the Common Market in regard to France. This document included an agricultural chapter that was discussed by "Le Monde" at the same time as the White Paper of the farmers' organizations.

Mr. F.H. de Virieu wrote in this connexion in "Le Monde": "After having considered the alternative solutions, the report of the experts of the General Secretariat of the Inter-ministerial Committee brushes aside any idea of commercial freedom which would be, from a political viewpoint, rather difficult to endorse by the French farmers and suggests, without any apparent enthusiasm, returning to a quantitative supervision of external trade. According to these experts, reverting to the quota system would be of greater benefit to third countries which would consolidate their present outlets and hamper the expansion of French sales."

In addition, "this planning of markets would increase morally and politically the responsibility of the State in organizing agricultural markets... If outlets are to be quantitatively defined in advance, the State would become fully responsible for the income of producers, since it determines all the factors that govern such income." The report of the Interministerial Committee felt that such a policy would involve "serious risks of higher prices and an increase in budgetary charges."

Economic policy and economic sectors

The report envisaged a further alternative: adapting the present Community regulations. The machinery could "apparently be maintained while foregoing at the same time the progressive unification of prices and the common financial responsibility." But this would not settle the problem of aids for exports to third countries. Moreover, the present machinery was acknowledged to be imperfect. Its existence could only be justified at a stage towards the unification of markets. If this objective were to disappear it would be easy to modify the machinery in order to slow down intra-Community trade.

Concerning the common policy, which is a factor in the lowering of agricultural prices, "Le Monde" commented as follows: "The reports of the Interministerial Committee refutes, on the basis of figures, the recent theory whereby the common agricultural policy, founded on an approximation of European prices, is dangerously inflationist for France. Except for the sugar and cereals sectors and provided that a cautious policy is followed, the common agricultural policy could lead to stability or even to a lowering of prices rather than to higher prices. In the long run, the modernization and the productivity effort it entails should contribute to maintaining reasonable price levels in France."

The Interministerial Committee's survey is based on the trend of real prices applied on the markets and not on nominal prices. It considers that the liberalization of trade initiated by the European regulations has already caused a lowering of real prices. It quotes in this connexion various figures which the authors of the White Paper should have been aware of. The mean index of prices of agricultural products governed by European regulations since July 1962 (cereals, fruit, vegetables, pigmeat, eggs and poultry) has increased 23 times less between 1962 and 1964 than that of the products which were still governed during that period by national regulations and had not profited by any trade liberalization (beef and veal, dairy produce and beetroot). In the first case the index increased from 100 to 100.5; in the second from 100 to 111.6."

Concerning the losses sustained by the Treasury and the farmers, Mr. de Virieu wrote: "The Interministerial Committee's report specifies that the net payments by the European Agricultural Guidance and Guarantee Fund to France (less her own contribution) will increase from 320 million Francs for the current campaign to 596 million Francs in 1967-68 and 807 million Francs for 1969-70."

In addition, the Common Market will show a development of exports on the basis of French prices, which are 30 to 75 per cent higher than world prices. This advantage will be in the region of 231 million Francs for 1964-65 and 387 million Francs for 1969-70.

It is estimated that by that date the total increase of the national income, as a result of Community machinery, will be of the order of 1,194 million Francs. However, as pointed out in the report: the anticipated profits in foreign currency for the 1967-68 campaign will represent about 40 per cent of the increase of our foreign currency reserves in 1964." (White Paper of the French Farming Organization and Le Monde of 6 November 1965)

III. EXTERNAL RELATIONS

1. Relations between EFTA and the EEC

At their meeting on 24 May in Vienna EFTA Ministers discussed the consequences of a continued separate evolution of EFTA and the EEC. They agreed that steps ought to be taken to bring about closer and more continuous contacts between the two groups in order to facilitate the removal of trade barriers and the promotion of economic co-operation in Europe, and considered that a meeting at ministerial level between the EEC and EFTA would be desirable at the earliest opportunity which offered prospects of fruitful results.

Having considered the matter further at their meeting in Copenhagen on 28 and 29 October EFTA Ministers reaffirm their conviction that a serious responsibility rests on Governments to seek to ensure closer co-operation between the EEC and EFTA and pursue policies promoting the growth of trade and the expansion of their economies. EFTA Governments are convinced that the possibilities of their final goal, a wide European market solution, would be considerably improved if a dialogue were established between the EEC and EFTA at all possible levels, and EFTA stands ready for this.

EFTA Ministers consider that the most immediate problem in relations between EFTA and the EEC is the European tariff issue. They believe that in this connexion the primary aim should be to ensure a successful conclusion of the negotiations under the Kennedy Round. They also wish to examine with the EEC other subjects on which closer co-operation between European countries may promote an increase in their contribution to the development of trade. Preparatory work in EFTA has shown that national arrangements concerning industrial standards, patent laws and other items, which affect trade between the two groups, afford a wide field where fruitful co-operation could be developed. Studies of these subjects for co-operation will be pursued between EFTA countries.

EFTA Governments are of the opinion that in these fields as well as on other specific problems encountered in trade between the Community and EFTA such co-operation would be of benefit to the whole of Europe. (EFTA Bulletin, November 1965)

2. The EEC crisis and Africa

"The Yaoundé Convention proceeded from the Treaty of Rome: if the Treaty of Rome were to fail the Association between the EEC and the African and Malagasy States would inevitably collapse too." This statement was made by Mr. Pedini during a debate held on 17 November at the headquarters of the Italian Office of the Community, in preface to the Parliamentary Conference of the EEC-A.A.M.S. Association due to be held in Rome in December. Mr. Pedini stressed how urgent and necessary it was to resolve the EEC crisis since it seriously affected the development of Africa; if it became more acute it would involve the eighteen Associated States and hence interests ranging much wider than those of Europe.

Mr. Pedini, Vice-President of the European Parliament's Committee for Co-operation with Developing Countries, dwelt particularly on the more important aspects of the Yaoundé Convention. He emphasized that the essential aims of the Association were the progressive liberalization of trade between the Associated States and the EEC, the extension to the Overseas States and Territories of the right of establishment and financial aid amounting to 580 million dollars over five years. The first Convention which ran from 1958 to 1962 had made possible major strides in the development of the African countries. The new Yaoundé Convention (1963-68) was designed to take the first Convention a stage further and to remedy its shortcomings.

The investments were allocated primarily to those schemes that were conducive to the emergence of regional groupings in Africa for the end in view was African unification. For this to be achieved, however, Mr. Pedini said, the crisis had to be resolved and the United Kingdom brought within the Community compass. Africa today was split into two great zones, the French speaking part and the English speaking part: the gulf between them was much deeper than that of the English Channel. It was this division that had to be overcome.

Mr. Sissoko, Vice-Premier of Mali, fully agreed with the views expressed by Mr. Pedini. Mr. Sissoko denied that the new relationships between the EEC and the African States could in any way be described as a new form of colonialism: "We Africans," he said, "regard this Association as a new development of great interest."

Mr. Bassa, Senegal Ambassador, who spoke next, drew attention to the importance of developing technical co-operation between the less advanced countries and those more highly industrialized; he observed that there could and should also be technical

and economic co-operation between the African Member States.

Mr. Anionwu, Nigerian Ambassador (Nigeria is not one of the Associated States: the EEC is negotiating a trade and economic co-operation agreement with the Nigerian Government), expressed some misgivings. While recognizing that the Yaoundé Convention had brought appreciable benefits to the eighteen Associated States, Mr. Anionwu pointed out that the EEC had in turn culled enormous benefits from its association with Africa. Many questions arose, he said, as to the future of Euro-African co-operation. He wondered in particular what line the EEC would take once it began producing certain raw materials artificially and no longer needed to have recourse to African supplies. It had to be remembered that trade between European and African countries was still characterized by the importation into Europe of raw materials and of manufactured products into Africa. "What will happen in the future when European scientists invent synthetic products that take the place of raw materials? It will then be possible to judge the true worth of the Yaoundé Convention. This means that for it to be considered wholly positive there will have to be industrial development in the African countries too."

Mr. Anionwu trusted that the measures taken by these countries to protect their emergent industries would not prejudice the development of their economic relations with the European countries. Despite this perplexity, Mr. Anionwu believed that the Yaoundé Convention was of value and he hoped that the United Kingdom would join the EEC as this would also restore the balance between French speaking and English speaking countries in Africa. (Agenzia Europa Unita, 16 November 1965)

P a r t II

THE PARLIAMENTS

I. EUROPEAN PARLIAMENT

a) Session of 23 to 26 November in Strasbourg

1. The expansion of trade between the EEC and the Associated African and Malagasy States

On 23 November 1965 the European Parliament discussed a report, submitted on behalf of the Committee for Co-operation with the Developing Countries, on the expansion of trade between the EEC and the A.A.M.S. (1). The Rapporteur was Mr. Spenale (France, Socialist).

Mr. Spenale indicated the essential factors at work in the Associated African and Malagasy States; among the examples he quoted was the cost of industrial investment in Africa. In Europe, for instance, to set up a cotton-ginning factory, it sufficed to plug in to the mains power supply; to set up such a plant in Africa however, a power station had first to be built. Mr. Spenale mentioned three problems in this connexion:

- a) basic services
- b) the recruitment and training of staff
- c) credit under special conditions and
- d) investment guarantees.

Here he discussed the example of the industrial centre in Cameroon, where all these factors had been taken into consideration. The European Development Fund had helped to finance the basic services, the European Investment Bank helped to finance the industrial plant and the E.D.F. provided interest rebates on E.I.B. loans.

Mr. Pedini (Italy, Christian Democrat) said that while agreeing with the observations of the Rapporteur, he had to point out that the effectiveness of the action planned depended principally on the African countries themselves; this applied equally to export promotion and to industrialization. He spoke in favour of co-ordinating industrialization at the regional level. In this connexion, he regarded as absurd the fact that all the African countries should be thinking in terms of building up their own iron and steel industries, their own cement industries and so forth. First, there had to be detailed analysis and objective studies of the industrialization process. These things were fundamental and generalizations and estimates had no relevance here.

(1) Doc. 100, 22 November 1965.

On behalf of the Socialist Group, Mr. Troclet raised no objections whatsoever. On behalf of the Liberal Group, Mr. Armand called for the industrialization of the A.A.M.S. to proceed in a reasonably "programmed" manner; the programming had to be worked out jointly by the industrial States and the countries concerned. He emphasized the wish of the countries that gave assistance that the production of products competitive with their own should not be developed in an unlimited way. He indicated the need for the A.A.M.S. to treat investments as such and to comply with the convention on freedom of movement.

Mr. Rochereau, Member of the EEC Commission, approved the principles underlying the resolution and submitted details of the action taken and planned by the Commission. He recalled the limitations to which this was subject and drew particular attention to the following points:

1. Promotion of trade

It was the duty of the African States to take the essential steps in the field of production, marketing, quality maintenance and regularity of supply, etc. The measures to be taken by the Community were up to the Member States, since they alone were responsible for cutting duties on tropical products. The practical action taken by the Commission concerned information and keeping in touch with importing groups and the European Union of Chambers of Commerce. Difficult problems existed in particular in the financial sector.

2. Price stabilization

In the case of products for which there was no substitute, such as coffee and cocoa, the problems were easier to solve than in the case of products (e.g. fats) for which there were many substitutes. A solution to the problem of removing the long-term imbalance could only be found at the international level. As to the short-term imbalances (cyclical fluctuations), support could prove costly. Mr. Rochereau felt that the problem of market stabilization and organization should have priority: it was a question of creating markets and at the same time of setting production quotas which the exporting countries would have to adhere to.

3. Encouraging private investment and guarantees

Mr. Rochereau stressed that the EEC was ready to a) finance the necessary basic services, b) raise loans under favourable conditions and c) lighten the interest burden on loans. The African countries had therefore to work out an "investment code", one example of which already existed: the Equatorial Africa Customs Union would bring this code into force on 1 January. Mr. Rochereau felt that this code should as far as possible have a regional application, i.e. it should be valid for all the A.A.M.S.

After two amendment proposals had been submitted by Mr. Pedini and Mr. Spedale, the Parliament passed the following resolution:

The European Parliament,

- aware of the importance of trade relations consistent with the spirit and letter of the Yaoundé Convention signed on 20 July 1963 between the EEC Member States and the Associated African States and Madagascar;
- considering the instability of prices for tropical farm products and the constant fall-off in raw material prices;
- recognizing the urgent need to diversify the economies of the Associated States in both the agricultural and industrial fields;
- on the basis of the report submitted by Mr. Spedale on behalf of the responsible Committee in connexion with the EEC Commission report of 23 March 1965;

welcomes the progress evident in the last two years since the Association Convention came into force in the increased flow of trade between the EEC and the Associated States;

approves of the surveys that the EEC Commission has undertaken with a view to increasing Community consumption of products from the Associated States and advocates that this should be followed up in a practical manner in particular through the progressive abolition of specific customs duties and through the creation of a permanent body responsible for organizing market promotion;

takes the view that since the Community is the main importer of tropical products on the world market and since it has undertaken, in pursuance of the Association Convention, to organize trade in raw materials on a worldwide scale, either in the form of a general organization of markets or of an organization of the markets for particular commodities;

advocates that the surveys initiated by the EEC Commission with a view to co-ordinating industrialization opportunities at the regional level in the Associated States, be carried through with all the care and diligence called for by this difficult and important task;

recommends that the Community should establish and set in motion a credit policy consistent with the special investment conditions obtaining in the Associated States, and that it should do so in conjunction with them and their national development banks as suggested in the report by its responsible Committee;

trusts that these measures will be amplified by the promotion of investments at the regional level and that private investments will attract the essential guarantees;

calls upon its President to communicate the foregoing resolution and report to the Council and to the EEC Commission and, for their information, to the Presidents of the Parliaments of the Associated African and Malagasy States and to the members of the Parliamentary Conference of the Association.

2. Trade relations between the EEC and India

On 23 November 1965, the European Parliament discussed the interim report (1), submitted for the External Trade Committee by Mr. Moro (Christian Democrat, Italy) on trade relations between the EEC and India.

In his report Mr. Moro referred to the relations already established between the Community Institutions and the Indian authorities. Dealing with India's problems, difficulties and development plans, he said that the EEC Council had been unable to accede to the Commission's request that exploratory talks should be opened. As a result of this the Community had had to confine itself to making various customs concessions to promote Indian exports to the Member States. The main reasons why the talks did not take place were because the negotiations with the United Kingdom had been suspended and because the promise had been made at the World Trade Conference that solutions would be found at the multilateral level. Mr. Moro conceded this but took the view that the Community ought to tackle the Indian problem with greater vigour and as a matter of urgency. He said: "It is absolutely necessary to encourage the Indian people in the efforts they themselves are making. The determination to progress of a whole sub-continent which, while not foreswearing its past, lives in the hope of a better future, had to be awakened and kept alive. It is, therefore, not simply a matter of giving India financial aid or of taking other measures on her behalf; it is above all necessary to promote her trading activity and to support her in developing her trade relations, so that she may assume an appropriate place in the world economy."

Mr. Kriedemann thanked Mr. Moro on behalf of the Socialist Group. He said that the report made it clear that India's difficulties had not diminished; they had on the contrary increased. It was not difficult to appreciate the human suffering that lay behind these difficulties, nor was it hard to imagine what bitter

(1) Doc. 98, 22 November 1965.

end these difficulties would lead to if it were not possible to check it in time. All that happened and all that did not happen in India was of course not a responsibility that fell to the EEC but to a large extent the EEC had a responsibility to find solutions far transcending those that had been found so far.

The Socialist spokesman then discussed the special problems arising between the EEC and India and in particular India's trading deficit vis-à-vis the EEC; the EEC share in India's foreign trade, i.e. as far as Indian exports were concerned, was abnormally small. Mr. Kriedemann said that the EEC had to see this fact against a wider background and recognize that the difficulties confronting India in her relations with the EEC were typical of those faced by all the countries that were progressing along the road to development so slowly because they were unable to progress more rapidly under their own steam. Herein lay the EEC's special responsibility.

There was nothing else we could do at present except to encourage the Commission to carry through its talks in so far as its limited terms of reference allowed. The Commission should further be recommended to look into all the relevant details in the most practical way possible and to submit a programme to the Parliament showing what was required.

Mr. Kriedemann concluded by saying that if the EEC were to be judged by the world at large, not by the benefits it had itself gained from this co-operation but by the contribution it had been able to make to solving worldwide problems, then the verdict of history would be recorded sooner rather than later.

On behalf of the Commission, Mr. Rey said that India's problems were such that one felt "out of breath"; this was, however, no excuse for shelving them. It was impossible to reply to India that the discussions would be resumed when new negotiations began with the United Kingdom. The customs duty cuts made by the EEC were he said a goodwill gesture. No one should be under any illusion, however, as to the significance of this gesture which was symbolic rather than economically beneficial. The EEC should not feel it had done anything very special on behalf of India and it could not stop at economic concessions of this kind. Decisive problems were at present being discussed in the framework of GATT and the World Trade Conference and this in particular involved: the Kennedy Round, the renewal of the textile agreement, the stabilization of raw material prices and customs preference for certain industrial products.

Mr. Rey emphasized that these international organizations held out the most hopeful prospect of providing effective help for the developing countries. He also pointed out that these international negotiations did not make the talks with India,

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which the Commission still felt desirable, in any way superfluous. Before a world trade conference - involving countless delegates - took place, it was possible to discover in talks on a restricted scale what the trade conference could achieve.

The relevant resolution read as follows:

"The European Parliament

- considers that it is desirable for the European Community to take action to promote the economic and social development of the Indian sub-continent;
- re-emphasizes the need for a joint Community policy in the interests of active and effective co-operation with the developing countries;
- urges the EEC Commission to pursue and intensify its contacts with representatives of the Indian Government to prepare for formal bilateral negotiations, even if these are only of an exploratory nature, with a view to expanding trade between the EEC States and India;
- stresses the positive value of a co-ordinated programme in the context of economic and financial help by the six EEC States and of the common policy of co-operation with the developing countries;
- calls upon its Presidents to communicate this resolution and this report to the EEC Commission and to the Governments of the Member States."

3. Imports of fats from Greece

On 23 November, Mr. Faller (Socialist, Germany) submitted to the European Parliament a report on behalf of the Associations Committee on an EEC Commission proposal to the Council (Doc. 26) for a regulation governing imports of fats from Greece.

This proposal for a regulation lays down those provisions of the future market organization for fats that will not be applicable to imports into the Member States of olives and olive oil from Greece (i.e. an associated country). It also lays down the provisions that will govern such imports. Indeed, for pricing purposes, Greece will be regarded as a third country. To offset differences between prices on the Greek market and Community prices, fats imported from Greece will be subject to a levy. However, it will be necessary not to equate products of the Greek soil with products imported by Greece. For this purpose:

1. The free-frontier price will be assessed according to the most favourable purchasing prospects on the Greek market and not according to the most favourable purchasing prospects on the world market.
2. The levy will be reduced by a "lump amount", similar to that applied by Community Member States as between themselves in market organization systems.

In the Opinion it returned on the subject, the Agricultural Committee, before approving the proposal for a regulation, pointed out that this regulation was applicable pending a decision from the Association Council, as provided for in Article 35 of the Convention of Association, or pending the expiry of the two-year and one-year periods provided for in Article 36,1 and 2.

After having stressed the lack of precision in the criteria which determine the actual origin of the products in question, the Rapporteur urged that the criteria for fixing the lump amount be clearly established. The European Parliament unanimously passed the resolution put forward by its Committee and approved the provisions of the proposal for a regulation.

4. Social progress in the Community in 1964

At its meeting of 24 November the European Parliament heard a report on an EEC Commission survey of social developments in the Community in 1964. The report had been submitted on behalf of the Social Committee by Mr. Helmut Rohde (Socialist, Germany) (1).

Before analyzing the survey, the Rapporteur gave a bold outline of the new industrial society whose main features are: rapid growth of the national product; considerable increase in the number of salary or wage earners in relation to the active population; increase in the number of women at work; participation of old people in active life; changes in health protection conditions; need for occupational training adjusted to economic and technical developments; regional planning and housing; higher living standards; changes in agricultural structures; gradual abolition of frontiers. The EEC Commission and the Member States should become aware of the features of this new European industrial society and face together the new tasks it entails.

(1) Doc. 101/1965-66.

Mr. Rohde then went on to deal with the main points of the Commission's survey of social developments in the Community in 1964.

With regard to employment, the Rapporteur noted that considerable changes had taken place. These were mainly due to the increased number of people employed in public services, to the number of women at work, to the "rural exodus", to structural changes in the extractive industries and, above all, to the continuous increase in the proportion of wage earners which represent 74 per cent of the Community's active population (80 per cent for Germany and the Benelux). While there was full employment in Germany, France and in the Benelux (where there was in fact a labour shortage), there was still structural unemployment in Southern Italy. The Rapporteur advocated long and short-term measures to remedy this imbalance. He suggested, in particular, that full use be made of the Social Fund, that co-operation between national labour exchanges should become closer and that vocational guidance systems be improved. He also suggested that the reconversion process in respect of migrant workers be speeded up and, finally, that a prospective employment policy be included in the framework of the Community's regional policy.

With regard to incomes, Mr. Rohde felt that the EEC Commission's survey gave too much prominence to trends in nominal wages and that this tended to give an unduly optimistic idea of actual conditions. He requested the Executive to make a further effort to improve information on real wages and incomes in order that the European Parliament should be in a better position to ascertain whether wage trends showed a growing tendency towards harmonization and whether the overall costs of enterprises per hour of work were gradually being approximated. The Rapporteur hoped, in addition, that the Commission would deal more in detail in future with property purchasing which was a further important aspect of the incomes policy and which was being officially encouraged by certain countries. The Rapporteur regretted that the question of equal wages for men and women had not yet been satisfactorily settled. Finally, he urged that all possible means be used in order to enlist the support of employers' and workers' organizations for the construction of Europe.

The Rapporteur felt that the Executive was fully justified in attaching special importance to the question of occupational training. A prospective employment policy that was closely linked to a mean-term economic policy was largely conditional on a vocational training suited to our time. Mr. Rohde praised the efforts made by the EEC Commission in connexion with the training of farmers and instructors, occupational guidance and the co-operation between national labour exchanges. He regretted, however, that there was an obvious lack of harmonization in the various Member States with regard to methods and programmes of occupational training and he pointed out that the Council

decision on "the general principles for the implementation of a common occupational training policy" had remained a dead letter. The Rapporteur accordingly requested the Executive to submit next year to the Parliament a factual and detailed report on achievements in this field.

Mr. Rohde then went on to deal with social security and pointed out that its field of application was being extended in the Community. However, the extent of this development varied from country to country and it was to be regretted that the social security policy followed by the Member States was not fully based on Community criteria.

Social services, particularly for the young, the aged and the disabled, had been largely extended and the Executive had made serious efforts in this connexion. However, there was still a gulf between social security requirements, on the one hand, and the facilities and staffs available, on the other, especially with regard to social services for migrant workers.

The Rapporteur then requested the Executive to step up its work on improving the status of the aged at a Community level.

With regard to the family policy, marked progress had been achieved in the Member countries. Mr. Rohde recorded his satisfaction at the fact that the EEC Commission had invited governmental experts and representatives of family and occupational organizations to take part in an annual survey of promotional measures taken by the Member States in respect of family policy.

The Rapporteur concluded his report by referring to the housing difficulties and in particular to the lack of low-cost dwellings in several Member States. In fact, this shortage of dwellings for migrant workers and their families in various Member States was proving an obstacle to the employment of workers. It was therefore of utmost importance that the housing problem be given due consideration in the long and mean-term policies of the Member States.

Mr. Levi Sandri, Vice-President of the EEC Commission, then gave an outline of the social policy conducted by the Executive over the past few years. The Commission had encountered two major difficulties in fulfilling its task. The first related to the vagueness of the objectives set by the Treaty in regard to some very important sectors (for example the improvement of labour working and living conditions); the second was due to the inadequate powers held by the Executive as well as its lack of funds to achieve these objectives. Despite these difficulties, social policy had progressed in the Community. The most noteworthy results were achieved in cases where precise regulations

had been laid down by the Treaty and where it endowed the Commission with the necessary powers (free movement of workers, European Social Fund and social security for migrant workers). On the other hand, the most disappointing results were found in those sectors that had been entrusted to intergovernmental co-operation (occupational training and social harmonization). These facts pointed to the particular changes that should be made in the Treaty in connexion with social policy, under the merger.

The Vice-President of the Executive went on to indicate the main lines that would be followed in connexion with social policy. The Commission would first endeavour to co-ordinate national employment policies on a Community basis and to introduce a proper common employment policy. The Executive would also endeavour to harmonize the various social security schemes in accordance with Article 118 of the Treaty. To achieve this, the Executive would not only follow the intergovernmental procedure laid down in the above-mentioned article but it would also make use of all the other possibilities afforded by the Treaty. Greater use will be made of co-operation between the social partners. Finally, the Commission would deal with the social aspects of the other common policies (agricultural, transport, fiscal policies, etc.) and in particular with the mean-term economic policy.

Several parliamentarians belonging to the various political groups then took part in the debate. They all endorsed the conclusions drawn in Mr. Rohde's report and approved the action taken by the Executive.

Mr. Pêtre (Christian Democrat, Belgium) requested the Executive to give in its future reports a clearer picture of the proportion of wage-earning workers and farmers in the increase of national incomes and information on the social and cultural aspects of a "leisure policy".

Mrs. Lulling (Luxembourg), speaking on behalf of the Socialist Group, stressed the importance of a wider participation of free trade unions (industrial and agricultural unions) in the construction of Europe. She felt that the Community social policy should be based to a larger extent on a common and active employment policy. This could be achieved by co-ordinating the work of the advisory committees on free movement of workers and occupational training and that of the social fund committee. Mrs. Lulling suggested that further joint consultative committees should be created for the various sectors in order to bring about a coherent development of social policy.

The social problems attaching to the rural exodus were referred to by Mr. Merchiers (Liberal, Belgium) and Mr. van der Ploeg (Christian Democrat, Netherlands), whose main concern was the status of aged farmers. Mr. Merchiers suggested that

educational periods should be extended as this would make it easier to retrain workers as a result of their wider general education.

Finally, Mr. Merten (Germany) requested the Executive to take into account the automation and rationalization of work in various enterprises when introducing a prospective employment policy on a Community basis. On behalf of the Socialist Group he endorsed the draft recommendation.

In a final intervention, Mr. Levi Sandri assured the parliamentarians that he would take their suggestions into account. The Parliament then passed a resolution (1) whose main points bear on the inclusion of social harmonization among the objectives of mean-term economic policy, the reduction of regional disparities, the thorough study of the rural exodus, the incomes pyramid, the need to control price trends, the equalization of salaries for male and female workers, the participation of professional organizations in the Community's development, the revision of the Social Fund, the implementation of a common occupational training policy, a gradual harmonization of social security, family policy and health protection and, finally, the intensified construction of low-cost housing.

5. The implementation of decisions taken at the European Conference on Social Security

At its meeting of 24 November, the European Parliament examined a report submitted by Mr. Sabatini (Christian Democrat, Italy) on behalf of the Social Committee on the implementation of decisions taken by the European Conference on Social Security in compliance with Article 118 of the EEC Treaty (2).

The harmonization of social security systems was, in the Rapporteur's opinion, a definite necessity, not only for obvious social reasons but also because the disparities have a negative effect both on free competition and on the free movement of workers. Social security can and should supplement employment, wages and incomes policies.

In the opinion of the Social Committee, the Community should establish priority sectors to which special attention and a common effort should be devoted. This applied, in particular, to unemployment risks. The Executive should consider the possibility

(1) Resolution of 24 November 1965.

(2) Doc. 96, 1965-66.

of gradually introducing a Community system for financing unemployment allowances. It should also harmonize superannuation systems, although this could only be done on a long-term basis. With regard to accidents and occupational diseases, harmonization should be much easier. The problem of financing social security was, however, a very vast one and agreement could not be reached at the Conference. Mr. Sabatini felt that, in any case, harmonization should take into account the basic principle whereby the share of the national income allotted to social security expenditure should be identical in terms of percentage throughout the Community of the Six.

The Rapporteur went on to consider the action already taken or being taken by the EEC Commission. He felt that its action programme could broadly be accepted as a good working basis. However, the Executive should not restrict itself to mediation activities but should rather take nominative initiatives. Finally, Mr. Sabatini stated that social security should form an integral part of the current Community programme on mean-term policy. The Executive had agreed with this point.

Mr. Troclet (Socialist, Belgium) and Mr. Pêtre (Christian Democrat, Belgium) signified the support of their political groups for the suggestions put forward by the Rapporteur and requested the Executive to implement in full the action programme on social security.

Mr. Levi Sandri, Vice-President of the EEC Commission, recalled that social security was in fact one of the sectors where Member States retained their independence as the Treaty of Rome merely prescribed close co-operation between the Member States. The Executive would spare no effort to achieve harmonization. It was currently working out two schemes for simplifying Community regulations on social security in respect of migrant workers and preparing a draft regulation concerning social security in respect of seamen.

The resolution which was then passed by the Parliament (1) stressed the need to intensify harmonization efforts with a view to providing social security for wage-earning and self-employed workers, in particular migrant workers. The Parliament requested the Commission to take individual action in order to achieve progressive harmonization by indicating priority objectives. It also invited the Commission to look into the possibility of introducing a Community policy in connexion with unemployment and retiring pension allowances.

(1) Resolution of 24 November 1965.

6. Second Annual Activity Report of the EEC-Greece Association Council

On 15 and 16 July 1965 the EEC-Greece Joint Parliamentary Committee examined the Second Activity Report of the Association Council and unanimously passed a recommendation based on the report submitted on 23 November to the European Parliament by Mr. Lücker (Christian Democrat, Germany), on behalf of the Association Committee.

The first part of the report dealt with the expansion of Greek economy in 1964. The gross national product had exceeded the annual rate of general economic growth provided for in the Greek development plan; this was due to the increase in the volume of investments. The expansion was also marked by an intensification of trade between Greece and the EEC. The External Trade Committee's Opinion, appended to the report, mentioned that the EEC's share in Greek exports had gone up from about 33 per cent to 37.5 per cent as compared with 1963. For imports, this share had gone up from 40 per cent to about 42 per cent.

While the development of trade between Greece and the EEC could be regarded as satisfactory, it should nevertheless be noted that the deficit in the Greek trade balance had worsened. The Opinions of the Political Committee and of the External Trade Committee stressed that so long as the balance of payments remained within reasonable limits, a further trade balance deficit should not be regarded as unfavourable in a country that was going through a development phase. However, in the case of Greece, the balance of payments deficit was due to a structural weakness.

Endorsing the wish expressed by the EEC-Greece Joint Parliamentary Committee, the External Trade Committee advocated an extension of Greece's export possibilities. In this connexion, two problems had to be tackled:

- a) with regard to industry, the gross national product should be doubled within the next ten years, according to the Greek development plan. The Community was prepared to participate in the setting up of industrial development areas in Greece. Greek development plans should therefore be drawn up along the lines of the EEC's mean-term programme;
- b) regarding agriculture, the Rapporteur found that, in respect of tobacco and wine, the increase in the Community's share was larger in quantity than in value and he invited the Association Council to look into the reasons for this disparity. Moreover, the problem of harmonizing the agricultural policies of Greece and the EEC has not yet been resolved. In this connexion, the Joint Parliamentary Committee had sugges-

ted a two-stage programme. During the first stage, which would cover the period up to the full setting up of Community market organizations, Greece would gradually and independently set in motion the Community agricultural policy machinery. At the same time, the EEC would grant to her further trade preferences and a Greek representative would begin to take part in an advisory capacity, where such participation was deemed desirable, in the work of the bodies responsible for the common policy. During the second stage, Greece would align its agricultural policy on that of the EEC and the Community would automatically participate in the financing of a Greek agricultural fund that would be similar to the European Agricultural Guidance and Guarantee Fund. A consultation procedure and a safeguard clause would be introduced in favour of Greece.

The Agricultural Committee's Opinion, appended to the report, dealt with this proposal and made a number of observations. After having requested details of the "further preferences", provided for under the first stage, and on the safeguard clauses, the Agricultural Committee asked in which case would the presence of a Greek representative be desirable in Community agricultural bodies and why were these the only ones concerned. The assistance provided by the European Agricultural Guidance and Guarantee Fund should be entirely devoted to improving the structure of Greek agriculture.

Mr. Van Offelen, Chairman of the Association Committee, Mr. Kapteyn and Mr. Kreyszig took part in the discussion which followed the introduction of the report. Mr. Rey, a member of the EEC Commission, made certain reservations regarding the presence of Greek delegates on Community agricultural bodies and urged that Greece should derive maximum benefit from Community financial bodies.

In the resolution which was unanimously passed, the European Parliament endorsed, without any modification, the recommendation of the EEC-Greece Joint Committee and stressed the need for special attention to "the problems raised by Greece's trade balance and balance of payments, the industrialization policy and the harmonization of the agricultural policies of Greece and the EEC."

7. The conditions of work of the European Parliament

On 17 June 1965, the European Parliament dealt with a proposal for a resolution introduced by Mr. Dichgans, Mr. van Hulst, Mr. Santero, Mr. Berkhouwer, Mr. Bord and Mr. Terrenoire regarding the conditions of work of the European Parliament.

The proposal was referred to the Budget and Administration Committee which appointed Mr. Wohlfart as Rapporteur.

The signatories to the proposal felt - pending the Council's agreement on a single headquarters for the European institutions and bearing in mind the Treaty of 8 April 1965 whereby the plenary sessions of the Parliament would be held in Strasbourg for an as yet unspecified period of time - that conditions of work in Strasbourg should be improved in order to ensure that the European Parliament enjoyed the prestige normally attached to any national assembly. They suggested that the Bureau should consider the most appropriate measures for this purpose.

Mr. Wohlfart had slightly modified in his report the text of the proposal, for the Budget and Administration Committee had stressed the following points:

- a) The seat of the Parliament would be temporarily in three towns: Brussels, Luxembourg and Strasbourg. It would therefore be necessary to consider conditions of work in these three towns.
- b) Only the "material" conditions of work of the Parliament would be envisaged, not the internal procedure or the relations with the Executive or the Council.
- c) The Parliament should take into account the efforts made by the Luxembourg Government with a view to providing its Secretariat with more rational and functional accommodation on the Kirchberg.
- d) It was not possible at present to estimate with accuracy the funds that would be needed. Mr. Dichgans's proposal to allocate one million account units to the "European Parliament" head of the Community's budget for 1966 could therefore not be implemented. Moreover, the General Secretariat of the Council of Europe had submitted to the General Secretariat of the European Parliament proposals for enlarging the Council's premises. The Budget and Administration Committee had therefore suggested that "appropriate" funds be earmarked for 1966. These would be allotted to the preparatory work for improving the material conditions of work of the Parliament in Strasbourg.

Mr. Wohlfart's report, as well as the proposal for a resolution amended as mentioned above, were examined during the plenary meeting of 24 November 1965.

Mr. Dichgans (Christian Democrat, Germany) stated on behalf of his political group that the projects planned and carried out in the three towns in question were not interconnected and that the initial proposal merely concerned conditions of work in Strasbourg. He added that the European Parliament should have

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its own premises and that it should not remain the guest of a separate institution. He mainly stressed the political aspect of the proposal. By allocating funds to the European Parliament, the Council would be giving a token of its consideration for the parliamentary body of the Community.

Mr. Pflimlin (Christian Democrat, France) suggested, as a preparatory initial stage, the setting up of a working party comprising representatives of the three bodies concerned, namely the European Parliament, the Council of Europe and the city of Strasbourg. This working party would be instructed to look into the question of making the best possible use of the plots. The second stage would in his opinion be devoted to the drawing up of a general plan.

Mr. Friedensburg (Christian Democrat, Germany) expressed the wish that the resolution should indicate a precise amount of funds, e.g. one million units of account, in order to make it clear to the Council that the parliamentary institution of the Six was a body of considerable importance. Mr. Kreyssig (Socialist, Germany), on the other hand, entertained no illusion on the Council's attitude. He therefore voted for the Rapporteur's proposal for "appropriate" funds.

At the close of the debate the draft resolution introduced by the Rapporteur was passed without amendments.

8. Community aid to shipbuilding

On 14 May 1965, the Council submitted to the Parliament's appreciation a draft directive by the EEC Commission concerning the setting up of a Community aid scheme to remedy distortions of competition on the international shipbuilding market.

The Commission felt that shipbuilding in the Community had been subjected over the past few years to increasing competition from third countries - in particular Japan - who derive considerable advantages from constructional costs and cause distortions of competition. It suggested that, between 1 January 1967 and 31 December 1969, each Member State should grant aid amounting to 10 per cent of the contract price to shipyards building vessels of over 3,000 tons deadweight.

The proposal was referred to the Internal Market Committee, which appointed Mr. Armengaud (Liberal, France) as Rapporteur. Mr. Armengaud recalled the broad outlines of the talks he had had on the Committee. These bore on the following points:

- a) The Committee had suggested that Article 1 be amended to change the obligation to assist shipbuilding into an optional measure. Moreover Article 5,2 should be modified in order to cancel the reference to Articles 92 and 93 of the Treaty whereby additional aids continue to come under the procedure provided for in these two articles.
- b) It had also suggested that the basis for assessing aid should be the actual value of the vessel and not the contract price.
- c) In its Opinion, the terms for granting aid should take into account specific aids granted by territorial authorities in the Member States.

Mr. Armengaud appended to his report two memoranda on the expansion and on the reasons for the success of Japanese shipbuilding. He also appended a memorandum on the aids and advantages enjoyed by shipbuilding in the OECD countries.

The Economic and Financial Committee's Opinion had been sought. It agreed in principle with the Executive's proposals. It felt, however, that the proposed regulations were provisional, that they should be revised in the light of additional information obtained from current consultations in the OECD and that the Executive should refer this problem again to the European Parliament in about a year's time. It drew attention to the fact that the aid programme should go hand in hand with a structural programme that would stimulate the rationalization of shipbuilding. It felt that the Commission should encourage the drawing up of national structural programmes and co-ordinate these programmes.

The Rapporteur had also sought the opinion of the Social Committee. The latter felt that the Executive should achieve a close connexion between the sector policy, the regional development policy and social repercussions, and that all these policies should be included in the general framework of the Community near and long-term policy which remained to be defined. The Social Committee also urged that the whole of the shipbuilding problem be thoroughly reconsidered by the European Parliament in a year's time.

The report was discussed at a plenary meeting held on 25 November 1965.

Mr. Armengaud stated that in the view of the Internal Market Committee, the directive only met the concern of European shipbuilders as to competition from third countries but that it did not solve the problem of distortions as between the various countries of the Six. Mr. Armengaud added that he had been against an amendment to Article 1 of the draft directive. In his

opinion, the only means of finding out exactly by 31 December 1969 the effect of aids granted by each of the Community countries was to fix a single scale.

Mr. Laan (Socialist, Netherlands) felt that the draft directive was not sufficiently positive as aids did not replace the necessary rationalization of shipyards and their specialization. Mr. Berkhouwer (Liberal, Netherlands) could not endorse the point of view of the Executive whose directive was based on Article 235 concerning gaps in the EEC Treaty and not on Article 92,3 which aimed at the gradual abolition of aids to shipbuilding. He feared that the new budgetary burden created by this directive would be difficult to bear by the Dutch Treasury. Mr. Dichgans (Christian Democrat, Germany) was in favour of the subsidies. In his opinion, there would be no point in having rationalization of specialization schemes if in the meantime competition from third countries were to go on ruining European shipbuilding. These subsidies were also necessary because they alone could replace the customs protection which the Member States are entitled to expect from the Community. Mr. Müller-Hermann (Christian Democrat, Germany) was of the opinion that the subsidy solution would only be a provisional palliative. He hoped that the EEC Commission would soon find in the OECD a means of eliminating distortions of competition in international trade.

Mr. Seuffert (Socialist, Germany) was of the opinion that the amended text of Article 1, as suggested by the Rapporteur, could not be kept. Giving each Member State the possibility of subsidizing shipyards up to 10 per cent of the value of the vessels would be tantamount to cancelling the provisions of the Treaty. Mr. Illerhaus (Christian Democrat, Germany) also disputed the legal basis of the draft directive. He felt, moreover, that the financial burden entailed by the subsidies would be heavy for the Federal Republic of Germany.

Mr. Carboni (Christian Democrat, Italy) considered that the draft directive was fully compatible with the Treaty provisions concerning aids (Articles 92 to 94).

Lastly, Mr. Vredeling (Socialist, Netherlands) pointed out that according to the draft directive, the subsidies could be modified by a qualified majority decision on the part of the Council. He regretted the fact that it was possible for such a decision to be taken against the wish of one or several Member States and without enabling the European Parliament to oppose it.

In his reply to the various speakers, Mr. von der Groeben, a member of the EEC Commission, stated that European shipbuilding was encountering certain difficulties due to "artificial" distortions of the terms of competition on the international market.

The aim of the draft directive was to offset the artificial advantages enjoyed by shipbuilders in third countries by avoiding, in accordance with the Treaty provisions, the introduction of further distortions as between the Member States. The Commission suggested therefore that an identical subsidy rate should be applied in the six Member States and it could not accept the proposed amendment to Article 1 of the draft directive.

Mr. von der Groeben also stated that the subsidy system, in the form in which it was suggested, was of a temporary nature. In fact, the Commission was taking part in the Kennedy Round negotiations which aimed at reducing customs duties as well as setting up sounder rules of competition for international trade. Furthermore, the Commission had already held several meetings with the Governments of the Member States with a view to studying the structural aspects of European shipbuilding.

The speaker added that the draft directive did not determine the form and means of intervention of the Member States. These remained free to fix the conditions for recovering receipts and allocating subsidies. However, from the moment the Council of Ministers had accepted the draft directive, the Member States would be compelled to grant aids amounting to 10 per cent of the value of the vessels.

Following the general discussion on the report, the Parliament examined and amended to some extent the draft resolution. By this resolution it adopted the draft directive subject to the following amendments: aid would be assessed on the basis of the objective value of the vessel; specific aids granted by territorial authorities in the Member States would be taken into account in assessing the total volume of aids granted; aids would be obligatorily granted at a rate of 10 per cent; Article 4,3 concerning amendments by the Council of the subsidy rate would be cancelled.

9. Exchange of views on the statement issued by the Council of Ministers on 26 October 1965

On 25 November there was an exchange of views in the European Parliament about the statement which the Council of Ministers of the European Communities made on 26 October 1965.

The President of the Assembly recapitulated the text of the Council statement; France had been called upon to send representatives to the meetings of the Community so that its forward progress, which had been interrupted, might be resumed. He then read a communiqué from the Political Committee which commended the action taken by the Council of Ministers and noted with

satisfaction that:

- a) the Council of Ministers had, despite the difficulties, carried on its work in a constructive manner;
- b) there had been a solemn reaffirmation of the need to continue to apply the Treaties of Paris and Rome in strict accordance with Community procedures;
- c) that positions appeared to have approximated sufficiently for an urgent appeal to be addressed to the French Government to resume its place in the Community institutions.

Mr. Furler (Germany), speaking on behalf of the Christian Democrat Group, briefly reviewed the present crisis in Europe; he stressed the need for the Council of Ministers to continue its work without any hiatus until such time as France resumed its place in the European institutions. He therefore called upon the responsible authorities to use every effort to begin talks with France; he emphasized, however, that the Treaties of Rome had to continue to be applied in all their provisions, that is without prejudice either to the position of the European Executive or to "the majority principle" due to come into force at the beginning of 1966. Mr. Furler concluded his intervention by expressing the hope that the Community spirit would prevail; his Group, he repeated, fully approved the statement made by the Council of Ministers; while there could be no talk of a European Community without France, he recalled, the EEC in turn was inconceivable if the Treaties of Rome were not respected.

Mr. Kapteyn (Netherlands), speaking for the Socialist Group, regretted that the scheduled exchange of views with the Council of Ministers had fallen through; he was dissatisfied both with the subject of the discussion and with the circumstances surrounding it; it should have occasioned a much wider-ranging debate. While broadly commending the work done by the Council of Ministers and the initiative it had taken, he criticized the tone of the Council statement; this had been greeted by the Socialist Group in the same frame of mind as that of a patient learning that his case is not altogether desperate. He analyzed the statement in detail and took the Council of Ministers to task for its intending - even if it did so only once - to meet in the absence of the EEC Commission; he felt that the institutional structure could not be modified through a "gentleman's agreement" that reduced the powers of the EEC Commission which, to date, had played a major part in European policy. In conclusion, he said that the Socialist Group noted with satisfaction that the five Governments had, within the framework of the Treaties of Rome, arrived at a common attitude, but he deplored the fact that an opportunity to increase the supervisory powers of the European Parliament had been wasted.

Mr. De Clerq, speaking for the Liberal and Allied Group, pointed out that the crisis was actually less serious than was thought, since every crisis was in essence a guarantee for the

future. He then expressed his satisfaction and that of his Group at the firmness with which the Council of Ministers had faced up to the situation and suggested a solution consistent with the principles laid down in the Treaties of Rome.

Mr. De Lipkowski, speaking for the European Democratic Union, said that the Council of Ministers' appeal had met with a reassuring response in the position recently adopted by the French Government which opened out prospects for a better future for the Community. Going on to speak about the possibility of a conference being held in the near future between the six Member Governments, the speaker felt sure that such a meeting would allow for frank and searching explanations, not only on the technical problems of agriculture but on other basic issues which should not give rise to misunderstandings. He concluded by saying that despite the disadvantages arising from the present crisis, the latter would have its salutary aspects if it led not only to a settlement of technical difficulties but also if, by clearing the air, it paved the way to political co-operation through which the great European undertaking would inevitably have to pass.

10. Dangerous substances

On 26 November the European Parliament returned its Opinion on an outline directive - about which it had been consulted by the Council of Ministers - on the approximation of administrative and legislative provisions relating to dangerous substances and preparations and on a preliminary supplementary directive on the classification, labelling and packaging of dangerous substances.

The provisions contained in the two draft directives were of great importance for all branches of industry, and especially for agriculture and the chemical industry; they were designed to protect the large group of people who, by reason of their occupation, had to handle dangerous substances.

The Health Committee report (1) drafted by Mr. Spénale (Socialist, France) broadly endorsed the provisions to be adopted under the draft directives, for he felt that they would afford better protection for the life and health of the population at large and yet allow for free trade in dangerous substances and preparations, within the prescribed health protection limits.

(1) Doc. 104, 1965-66.

On behalf of the Rapporteur of the Health Protection Committee, Mr. Hansen (Socialist, Luxembourg) submitted the report to the Assembly. He drew attention to the importance of the approximation of laws in this sector and gave his support to the EEC Commission directives; he trusted that the latter would shortly be followed by a uniform set of regulations, particularly as regards the packaging of dangerous substances. He concluded his brief intervention by calling on the European Parliament unanimously to approve the draft directives.

Mr. Brunhes (Liberal and Allies, France) agreed that the provisions were necessary; he called upon the EEC Commission as soon as possible to submit a directive on the transport and handling of dangerous substances. In conclusion he trusted that the directive on packaging would be approved at the same time as that on transport and handling, and that these directives would come into force simultaneously.

After interventions by Mr. Philipp (Christian Democrat, Germany), Mr. Moreau de Melen (Christian Democrat, Belgium), Professor Levi Sandri, Vice-President of the EEC Commission, stressed the importance and the scope of the directives; he said that special cases (transport, the inclusion of phyto-pharmaceutical products) would subsequently be regulated under supplementary directives.

At the close of the discussion, the Parliament unanimously passed a resolution in which it expressed a favourable opinion on the two draft directives, bearing in mind the amendments requested by the Rapporteur.

11. Achieving the objectives laid down in Article 39 of the EEC Treaty

The European Parliament was consulted by the Council of Ministers on a draft regulation on the measures to be adopted to deal with situations liable to compromise the attainment of the objectives laid down in Article 39, 1, c), d) and e) of the EEC Treaty. On 25 November it refrained from expressing any opinion and asked the EEC Commission to re-examine the draft regulation.

In adopting this position it was acting in compliance with the request made in the interim report (1) submitted on behalf of the Agricultural Committee by Mr. Charpentier (Christian Democrat, France), which called upon the EEC Commission to

(1) Doc. 102, 1965-66.

reappraise the whole question. The Agricultural Committee felt justified in making this request for it considered that it would be more advisable to provide for specific solutions to deal with the various products covered by the draft regulation in preference to a single solution for all products.

The report pointed out that the draft regulation only covered the transitional period; it felt it would be preferable for this to be final. The report also suggested certain measures to be adopted to avoid prejudice to the objectives to which reference was made in the draft regulation.

In conclusion, the report asked the EEC Commission to re-examine its draft regulation and to submit fresh proposals, whereupon the European Parliament would submit its opinion.

After a short debate in which Mr. Charpentier reviewed the report and in which Mr. Kriedemann on behalf of the Socialist Group expressed the regret that a fuller and more detailed report had not been submitted and in which Mr. Mansholt, EEC Commission Vice-President, assured the Parliament that the Executive would re-examine this problem, the Parliament referred the consultation forward sine die, while allowing for the possibility of fresh proposals from the EEC Commission.

12. Preservatives used in foodstuffs

On 26 November the Parliament discussed a report submitted by Mr. Kriedemann (Socialist, Germany) on behalf of the Agricultural Committee on an EEC Commission proposal to the Council relating to a directive amending the Council directive of 5 November 1963 on the approximation of the laws of the Member States on the use of preservatives in foodstuffs intended for human consumption (1).

The amendment proposed would, on certain conditions, allow certain preservatives - diphenyl and others - to be used throughout the Community in citrus fruits as from 1 January 1966; until 31 December 1965 the use of these preservatives was governed by legislation in force in the individual Member States.

In view, however, of the fact that the experts consulted still disagreed as to the effect on health of these preservatives and on the analysis methods to be adopted in ascertaining

(1) Doc. 108, 1965-66.

orized quantities, the Agricultural Committee report stated it could not approve the EEC Commission proposal; it recommended that the directive of 5 November 1963 be prorogued pending further study of the problem; this would mean that the laws of Member States would be applicable until 31 December 1966.

The Agricultural Committee proposal outlined to the Parliament by Mr. Kriedemann, Rapporteur, was opposed by Mr. Lenz (Christian Democrat, Germany), drafter of an Opinion for the Health Protection Committee, who maintained that the use of these preservatives should be prohibited until it had been ascertained they had no untoward effect on public health. He further argued that the restrictions on the use of preservatives proposed by the EEC Commission were insufficient to guarantee that the health of the consumer was safeguarded. For these reasons, he submitted an amendment rejecting the draft directive. The Parliament further opposed any extension of the term of validity of the transitional regulation under which the laws of the Member States on spraying citrus fruits with diphenyl and other preservatives were to remain in force until 31 December 1965 and further urged that the Council directive of 5 November 1963 should be amended but applied in the normal way.

Mr. Santero (Christian Democrat, Italy) agreed with Mr. Lenz but asked whether it would not be advisable to allow the 1963 directive to stand until the noxiousness of these preservatives had been demonstrated.

Mr. Vredeling (Socialist, Netherlands) said that he had carried out only one investigation giving the results of experiments carried out, from which it had emerged that diphenyl appeared to have no harmful effects; he considered that the directive could be extended for one year pending more detailed studies by the EEC Commission.

Mr. Mansholt, Vice-President of the EEC Commission, recalled the difficulties that arose when the 1963 directive was being implemented; these had induced the Commission to set a time limit within which the effects of the use of diphenyl were to be determined. He said that the problem had still not been fully investigated. He said that the nine Governments furthermore were not agreed as to the analytical methods to adopt.

In conclusion, the speaker proposed, as an interim measure, that the laws of the Member States should remain in force until 31 December 1966, pending further studies by the Commission, especially since an absolute ban on the use of these preservatives could have the most serious consequences for the citrus exports of certain third countries.

After brief interventions by Mr. Lenz and Mr. Bergmann who came out against the prorogation, Mr. Vredeling and Mr. Kriedemann, who were in favour and Mr. Sabatini, who said he would abstain, the European Parliament approved the prorogation for one year of the directive of 5 November 1965.

b) Activities of the Committees in November

Political Committee (1)

Meeting of 12 November in Brussels: Appointment of Mr. Hougardy as Deputy Chairman. Adoption of a draft Opinion submitted by Mr. Vendroux, to be referred to the Committee : Associations in accordance with the recommendation adopted by the Joint EEC-Greece Parliamentary Committee, on the second activity report of the Association Council. Discussion, attended by representatives of the EEC and Euratom Commission and the ECSC High Authority, on the state of the Communities.

External Trade Committee (2)

Meeting of 3 November in Brussels: Examination and adoption of a draft report by Mr. Moro on trade relations between the EEC and India. Examination and adoption of a draft Opinion submitted by Mr. Kapteyn on the recommendation adopted in Berlin on 16 July by the Joint EEC-Greece Parliamentary Committee on the second annual activity report of the EEC-Greece Association Council. Discussion attended by representatives of the EEC Commission on the orange market in the Community.

Meeting of 22 November in Strasbourg: Examination and adoption of the Opinion submitted by Mr. Kriedemann on the EEC Commission proposal to the Council for a directive amending Council directive of 5 November 1965 on the approximation of the laws of the Member States on preservatives used in food-stuffs intended for human consumption.

Agricultural Committee (3)

Meeting of 9 November in Brussels: Statements by Mr. Mansholt, EEC Commission Vice-President and Mr. Rey, Member of the EEC Commission on the progress of the GATT negotiations and on the work done following the World Trade and Development Conference.

Conference. Exchange of views on the problems mentioned, in particular on the conclusion of world cereals agreement. Examination and approval of the draft report by Mr. Charpentier on an EEC Commission proposal to the Council concerning a regulation on measures to deal with situations liable to compromise the attainment of the objectives laid down in Article 39,1,c),d, and e) of the Treaty. First examination of a draft Council directive amending the Council directive of 5 November 1963 on the approximation of the laws of the Member States on preservatives used in foodstuffs intended for human consumption.

Meeting of 25 November in Strasbourg: Approval of the draft report by Mr. Kriedemann on the EEC Commission proposal to the Council on a directive amending the Council directive of 5 November 1963 on the approximation of the laws of the Member States on preservatives used in foodstuffs intended for human consumption.

Meeting of 30 November in Paris: Examination of a draft Opinion by Mr. Klinker, to be referred to the Internal Market Committee, on the EEC Commission proposal to the Council on a second directive on the approximation of the laws of the Member States on turnover taxes, dealing specifically with the structure and machinery of a common system of added value taxation.

Social Committee (4)

Meeting of 11 November in Brussels: Adoption of the draft report and resolution by Mr. Rohde on the Eighth EEC Commission Report on the social situation in the Community. Adoption of the draft Opinion by Mr. Troclet, intended for the Health Protection Committee, on a draft recommendation by the Executive on the terms of compensation payments in respect of occupational diseases.

Meeting of 18 November in Brussels: Examination of a draft report by Mr. Troclet on a draft recommendation by the EEC Commission concerning the protection of young workers.

Internal Market Committee (5)

Meeting of 11 and 12 November in Brussels: Resumed examination, attended by representatives of the EEC Commission, and vote on the draft report on a draft directive for a Community aid system concerning shipbuilding. Rapporteur: Mr. Armengaud. Preliminary examination, attended by representatives of the EEC Commission, of a draft report on the harmonization of laws of the Member States governing turnover taxes. Rapporteur: Mr. Seuffert.

Meeting of 25 November in Strasbourg: Examination, attended by representatives of the EEC Commission, and vote on the draft Opinion, drawn up by Mr. Kullawig for the attention of the Health Protection Committee, on two EEC Commission proposals concerning dangerous substances. Resumed examination, attended by representatives of the EEC Commission, of the draft report by Mr. Seuffert on the amended preliminary draft directive, and on the proposal for a second directive on the harmonization of laws of the Member States governing turnover taxes.

Economic and Financial Committee (6)

Meeting of 25 November in Strasbourg: Exchange of views, attended by Mr. Marjolin, Vice-President of the EEC Commission, on current monetary policy problems. The Committee decided to draw up a report on monetary policy problems in the EEC. Appointment of Mr. Bersani as Rapporteur on the "Preliminary Report by the Commission on Regional Policy in the European Economic Community" of 11 May 1965, and first exchange of views on the aims of the report. The Committee decided to invite a number of experts from Member States to give their views on the first draft report.

Committee for Co-operation with Developing
Countries (7)

Meeting of 8 November in Luxembourg: Report by the Chairman on the last meeting of the Joint Committee of the Parliamentary Conference of the Association, held in Luxembourg from 29 September to 2 October. Examination and adoption of a

draft report by Mr. Spenale on the flow of trade between the EEC and the Associated African and Malagasy States.

Transport Committee (8)

Meeting of 8 November in Brussels: Exchange of views on a preliminary draft proposal by Mr. de Gryse regarding the system adopted by the Council in respect of a Community organization of the transport market.

Meeting of 18 November in Brussels: Election of Mr. Brunhes as vice-chairman. Exchange of views on a draft proposal by Mr. de Gryse regarding the system adopted by the Council for a Community organization of the transport market. Discussion on amendments made by the EEC Commission in its proposal to the Council concerning a regulation on the introduction of a tariff bracket system for the import of goods by rail, road and navigable waterways. The meeting was attended by Mr. Schaus on behalf of the EEC Commission.

Health Protection Committee (11)

Meeting of 9 November in Brussels: Exchange of views with representatives of the EEC and Euratom Commissions on those parts of the draft estimates that fall within the competence of the Health Protection Committee. Adoption of a draft Opinion by Mr. Angioy, drafted for the attention of the Social Committee, on questions of industrial safety and health protection referred to in the Eighth EEC Commission report on social developments in 1964. Examination of the draft report by Mr. Spenale on two draft directives submitted by the EEC Commission to the Council in connexion with the approximation of laws in the Member States concerning dangerous substances, as well as the labelling and packaging of such substances. Examination of a draft report by Mr. De Bosio on a draft recommendation by the EEC Executive to the Member States concerning the terms of compensation payments in respect of occupational diseases.

Meeting of 22 November in Strasbourg: Adoption of the draft report by Mr. Spenale. Adoption of the draft Opinion by Mr. Lenz, drawn up for the attention of the Agricultural Committee on a draft directive of the Council concerning the approximation of laws of the Member States governing the use of preservatives in foodstuffs for human consumption.

Budget and Administration Committee (12)

Meeting of 16 November in Luxembourg: Examining and passing the draft report by Mr. Wohlfart on the draft resolution introduced on 17 June 1965 by Mr. Dichgans and jointly interested parties concerning the conditions of work of the European Parliament. Examination and adoption, with a view to its transmission to the President of the European Parliament, of a note by Mr. Baas on the powers and competence of the Budget and Administration Committee.

Committee for Associations (14)

Meeting of 16 November in Paris: Mr. van Offelen was appointed Chairman. Examination and adoption of the draft report submitted by Mr. Lücker on the recommendation of the joint EEC-Greece Parliamentary Committee on the second annual report on the activity of the EEC-Greece Association Council. Examination and adoption of the draft report submitted by Mr. Faller on the EEC Commission proposal to the Council for a regulation on the importation of fats from Greece.

Sub-Committees
of the
External Trade Committee,
the Agricultural Committee
and the
Committee for Co-operation with Developing Countries
on the question of
stabilizing world raw material markets

Meeting of 11 November in Brussels: Discussion, attended by representatives of the EEC Commission on the organization, in connexion with the work of the United Nations' World Trade Conference, of world raw material markets.

II. NATIONAL PARLIAMENTS

a) Italy

Italy and European unity

In conclusion to the debate on the budget for foreign affairs held in the Senate on 19 November 1965, Mr. Moro, President of the Council, dwelt inter alia on the present state of affairs in Europe and he reaffirmed Italy's faith in economic and political integration and its determination to carry this process forward.

At the present difficult stage, said Mr. Moro, Italy had made every effort to ensure that progress towards unity - not forgetting its political implications - continued and that the Treaties of Paris and Rome and the powers of the Community institutions set up by the Treaties were fully respected. "In striving towards this end, he explained, we have been the more active because during this period it has been Italy's term of office in the presidency of the EEC and Euratom Councils. It is certainly a cause for satisfaction that the Commission, the other Member Governments of the European Community and the general public have ascribed to the Italian initiative which it assumed in the exercise of the presidential mandate, full credit for the achievement of a constructive common position, as defined in Brussels on 26 October."

As confirmed at the last meeting in Brussels the five Governments had not wavered in their solidarity and basic convictions and this had Mr. Moro felt paved the way for constructive talks with France; the five Governments hoped that the same clarity, the same respect for the Treaties and the same conciliatory attitudes would prevail at these talks as at the recent meeting in Brussels. For it was certainly of moment whether European co-operation should involve France or not. This therefore justified the fervent hope that all so far achieved through the common agreement and the real solidarity of the Europe of the Six would be safeguarded and it justified every effort directed towards this end.

Mr. Moro then said that the unity of Europe, economically and politically, continued despite the present difficulties, to be one of the fundamental aims of Italian foreign policy, for he said: "In this age of large geographical groupings and extensive interdependence, all our hopes of achieving prestige and authority are vested in thinking on the European scale. In our view Europe could represent a great power, joined on equal terms with our natural allies across the Atlantic."

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Referring then to NATO, Mr. Moro concluded by saying that the problem of Europe could not of course be separated from that of the Atlantic Alliance and that every effort towards European unity naturally strengthened the Atlantic Alliance which remained the kingpin of Italian policy. (Il Popolo, 20 November 1965)

b) The Netherlands

1. Second Chamber of the States-General - Bills and debates

A. Merger of the European Executives

The Bill endorsing the Treaty setting up a single Council and a single Commission of the European Communities was put before the Bureau of the Second Chamber on 17 November. In the Explanatory Memorandum, the Government stated that despite present difficulties, it felt it necessary to submit the Bill, for it hoped that the situation in the Communities would not be long in becoming normal again. The appropriate time for depositing the instruments of ratification would also be determined in the light of this prospect. The Government regarded as satisfactory the solution adopted with a view to simplifying the institutional system envisaged in the new Treaty. The Treaty offered to the higher administrative bodies new and large possibilities of coherent and effective action in the field of European integration.

The Government regretted, however, that it had not been possible to improve more markedly the position of the European Parliament on budgetary matters. The strengthening of the powers of the European Parliament remained subject to the replacement of financial contributions from the Member States by the Community's own resources.

Regarding the question of the seat of the European institutions, the Government regretted that there had been no improvement in the unsatisfactory situation of the European Parliament. In fact, the General Secretariat of that institution remained in Luxembourg, while the Parliament would continue to hold its sessions in Strasbourg. Neither of these two towns was the seat of an Executive.

The merger of the Executives was the first step towards the unification of the Communities. The fact that the Government had declared its readiness to co-operate in the building-up of the Communities did not imply that it was prepared to do so at any price. (1965-66 Session - 8380 (R 506).)

B) The common transport policy

At the meeting of 3 November of the Transport and Waterways Standing Committee of the Second Chamber of the States-General, Mr. Posthumus, Secretary of State, stated that the EEC Commission proposals for introducing a common transport policy were departing in one essential respect, namely the free fixing of rates on the basis of a reference tariff applied in the international river navigation sector, from the compromise adopted by the Council on 22 June. The speaker hoped that the other members of the Council would also not accept such a wide departure from the terms of the compromise.

Replying to questions by Mr. Iaan (Labour Party) and Mr. Lardinois (Catholic People's Party) in connexion with statements made in Ghent by Mr. Pisani, French Minister for Agriculture, whereby the Netherlands itself apparently hoped that the unanimity rule might be applied to transport measures, Mr. Posthumus stated that the unanimity rule in regard to the introduction of a common transport policy was included in the Treaty at the specific request of the Federal Republic of Germany and in view of the position of Berlin and of the disfavoured areas of that State. Although there may be some people in the Netherlands who are glad, for one reason or other, that there should be a national right of veto, the Netherlands would have accepted the adoption, at the time when the Treaty was concluded, of provisions for a qualified majority.

Mr. Lardinois (Catholic People's Party) had assumed that the Secretary of State was blaming the EEC Commission for having gone beyond its terms of reference when it presented its proposals. He was wondering whether the Commission was not fully entitled to put forward any proposals on this matter which it deemed appropriate. In reply to this observation and to one by Mr. Schakel (Anti-Revolutionary Party), who asked whether the only task of the EEC Commission was not that of ensuring the technical preparation of basic agreements, Mr. Posthumus made the following statement: "No duties are imposed on the Commission. Legally, the Commission has the right to make its own proposals when a compromise has been reached on the Council and even I think, it has the right to put forward again its former proposals. Indeed, it is fully entitled to do so. However, it remains to be seen whether this procedure is suitable." (Second Chamber, 1965-66 Session, Transport and Inland Waterways Standing Committee, first meeting)

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2. Second Chamber of the States-General - Written questions The European Crisis

A. Decisions of the EEC Council

In reply to a question by Mr. Westerterp (Catholic People's Party), Mr. De Block, Secretary of State for Foreign Affairs, gave the following information on 26 November, on his own behalf and on behalf of Mr. Den Uyl (Minister for Economic Affairs) and Mr. Biesheuvel (Minister for Agriculture and Fisheries):

a) Qualified majority decisions taken before 30 June 1965

The following seven decisions were taken by a qualified majority in the EEC Council before 30 June 1965, with the participation of France's representative:

1. Regulation No. 7 bis of 18 December 1959 (Official Gazette of the European Communities No. 7 of 30 January 1961, p. 71 ff.), covering the addition of certain products, in pursuance of Article 38,3 of the Treaty, to the list of Treaty Annex II.
2. Council decision of 5 December 1961, granting, in pursuance of Article 25,1 of the Treaty, a tariff quota to the Federal Republic of Germany for newsprint (tariff item 48.01 A).
3. Council decisions of 5 February 1962, granting tariff quotas to France, Italy and the Benelux for vanadium pentoxide (IDC 28.28 GI).
4. Council decision of 2 April 1963 (O.G. No. 63 of 20 April 1963, page 1338), laying down general principles for the introduction of a common policy for occupational training.
5. Council decision of 13 October 1964 (O.G. No. 136 of 21 October 1964, p. 2584), fixing, in accordance with Article 4 of Regulation No. 14/64 EEC, an additional tariff quota in respect of frozen meat imported from third countries.
6. Regulation No. 182/64/EEC of 10 November 1964 (O.G. No. 190 of 21 November 1964, p. 2971), amending the service regulations of officials of the EEC and the EAEC.

7. Regulation No. 19/65/EEC of 2 March 1965 (O.G. No. 36 of 6 March 1965, p. 533) on applying Article 85,3 of the Treaty to categories of agreements and of concerted practices.

b) Decisions whose validity is to be extended before 31 December 1965

The EEC Council should extend the terms of validity of the following decisions before 31 December:

1. Decisions based on agricultural regulations

- quarterly fixing of the levy rates applicable to pigmeat imported from third countries:
before 31 December 1965
- extending the term of validity of Regulation No. 3/63/EEC concerning commercial relations with State-trading countries:
before 31 December 1965
- raising the intervention price for fixing aids to private stocking of butter:
before 31 December 1965
- enlarging, in pursuance of Article 4 of the Council decision of 4 April 1962, for 1965, the wine import quotas to be allotted by the Federal Republic of Germany, Italy and France:
- decision concerning a Community tariff quota for 2,000 mountain cattle head (GATT consolidation):
before 31 December 1965
- levy on hybrid maize for sowing
- fixing the guidance price for the beef and veal sector:
before 1 October 1965
- co-ordinating national intervention measures in the beef and veal sector:
before 1 August 1965
- fixing a regulation concerning milk for consumption:
before 1 December 1965

2. Other decisions

- extending the term of validity of Article 3 of the decision of 9 October 1961 to standardize the duration of trade agreements with third countries:
before 31 December 1965

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- granting tariff quotas and suspensions of duties for 1966 (Article 25,1, and Article 28 of the EEC Treaty) before 31 December 1965
- amending the directive concerning preservatives: before 31 December 1965
- extending the temporary suspension of certain duties under the common customs tariff in respect of spices and sports articles for India: before 31 December 1965
- extending the term of validity of the agreement of 10 September 1963 between the United Kingdom and the EEC concerning the suspension, from 1 January 1964 to 31 December 1965, of duties on tea, maté and tropical woods: before 31 December 1965
- extending the term of validity of Council Regulation No. 141 on not applying Regulation No. 17 to the transport sector (competition): before 31 December 1965

3. Implementing the Association Agreement with Greece

- Council decision, in accordance with Article 5,2 of the internal Agreement concerning the common position of the Community's representatives on the Association Council:
- implementing Article 8 of the Association Agreement (processing traffic): before 1 November 1965

4. Implementing the Association Agreement with Turkey

- Council decision, in accordance with Article 5,2 of the internal Agreement regarding the common standpoint of the Community's representatives on the Association Council.

c) Written voting procedure since 30 June 1965

Since 30 June, the French Government has had a hand, through the written voting procedure, in the following decisions:

Budgetary procedure

1. Council expenditure estimates
2. Expenditure estimates of the Economic and Social Committee (including Euratom)

3. Expenditure estimates of the Control Commission (including Euratom)
4. Expenditure estimates of the Court of Justice (including Euratom)
5. Expenditure estimates of the European Parliament (including Euratom)

Association with Greece (14th session of the Association Council)

6. Community's point of view regarding the Association Council recommendation on non-ferrous metal residue and waste
7. Community's point of view concerning the Association Council decision amending decision 1/63 (EEC-Greece Joint Parliamentary Commission)
8. Decision of the representatives of the governments of the Member States, meeting on the Council, partly suspending German import duties on certain Greek wines
9. Extending the term of validity provided for harmonizing the agricultural policies of the Community and of Greece
10. Association Council decision concerning the temporary organization of trade in certain agricultural products

Association with Turkey (second session of the Association Council)

11. Point of view of the Community
12. Association Council decision setting up an EEC-Turkey Joint Parliamentary Committee

Regulations and decisions concerning agriculture, etc.

13. Regulation concerning refunds to producers in respect of the use of gruel and maize groats in breweries
14. Regulation on extending the term of validity and adjusting Regulation No. 142/64/EEC concerning refunds to producers in respect of cereal starch and potato starch

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15. Regulation on fixing levies in respect of third countries applicable to pigmeat during the fourth quarter of 1965
16. Decision on an additional tariff quota in respect of frozen beef and veal
17. Regulation on applying a levy abatement on husked rice imports from third countries
18. Council decision extending the validity and amending the Council decision of 4 April 1962 on charging a countervailing tax on certain goods deriving from processed agricultural products
19. Continuing the validity of Regulation No. 88/65/EEC derogating from the provisions of Regulations Nos. 20, 21 and 22 in respect of refunds on exports to third countries in the pigmeat, egg and poultry meat sectors
20. Amending Article 3 of Regulation No. 47/64/EEC fixing the coefficients for calculating the levies to be applied to fore and hind quarters of meat of domestic bovine cattle (fresh, chilled or frozen)
21. Continuing the validity of EEC Regulation No. 113/64/EEC relating to certain measures by way of derogation and concerning powdered milk, butter, condensed milk and certain cheeses
22. Amending Regulations No. 55/65/EEC and No. 56/65 respectively concerning the disposal on the markets of Member States of certain varieties of cheese and the refund applicable, in intra-Community trade, to such cheeses
23. European Parliament consultation on the EEC proposal for extending Council decision of 4 April 1962 on levying a countervailing tax on certain goods deriving from processed agricultural products
24. Regulation No. 126/65/EEC on eggs for hatching and one-day old chickens

Further decisions

25. Directive on applying the legislation of Member States concerning dyes that could be used in food for human consumption
26. Decision on suspending the implementation of the supplementary commentary in chapter 58 of the common external tariff
27. Consultation with the European Parliament and the Economic and Social Committee on the draft Council directive amending the directive of 5 November 1963 concerning the approximation of legislation of Member States on preservatives
28. Increasing the tariff quota on rosin for the Netherlands
29. Granting a school allowance to officials of the Council secretariat (and the Euratom secretariat)

Reception of Heads of Missions to the EEC:

30. Togo
31. Iceland
32. Austria
33. Spain

(Second Chamber, 1965-66 session, Annex, p. 143, No. 99)

B. Strengthening the powers of the European Parliament

In reply to a written question by Mr. Vredeling (Labour Party) the Prime Minister, Mr. Cals, stated that in his speech to the Extraordinary Congress of the European Movement on 13 November, he had fully explained the reasons that had led the Government to regard as extremely urgent the question of strengthening the powers of the European Parliament. The fact that it had been recognized that under present circumstances there appeared to be little hope of achieving the Dutch request and, moreover, the fact that the question of broadening the powers of the European Parliament was at present overshadowed by the problems that called in question the very existence of

tional Parliaments

e European Communities in their present form, implied no change in the Government's point of view.

The Dutch Prime Minister saw in the increased number of decisions on which the EEC Council could pass majority decisions further reason for broadening the powers of the European Parliament, regardless of the fact that this was also desirable for other reasons. One could not, he felt, speak of "an essential complement" and demand that the Netherlands should subordinate the implementation, from 1 January 1966 as laid down in the Treaty, of the majority rule to the broadening of the powers of the European Parliament. (Second Chamber, 55/66 Session, Annex, page 135, No. 95)

"The oranges war" in the EEC

In reply to questions by Mrs. Brautigam (Labour Party) and J. Vredeling (Labour Party) concerning the EEC decisions on the price of oranges and other citrus fruits, Mr. Biesheuvel (Minister for Agriculture and Fisheries) and Mr. Den Uyl (Minister for Economic Affairs) stated on 10 November that Article 11,2 of EEC Regulation No. 23 had been amended on 1 May 1965 by Council Regulation No. 65/65. Under this amendment, introduced after the EEC Commission had stated that the present level of reference prices would hardly be affected or even modified by the amendment, the reference price will be equal to the mathematical mean of production prices in each Member State. However, it was found that the reference price level for oranges would virtually be higher than that of last year.

As for the possible effect of this increase on the prices of other citrus fruits, this would be negligible.

The EEC based its decisions regarding citrus fruit prices on market rates quoted by the Italian Government, but these figures should be considered with caution as there is virtually no official scale for production prices. Several varieties of citrus fruit are sold "ex grove" so that any price scale necessarily contains certain arbitrary information.

The reference price being fixed at the level suggested by the EEC Commission, imports would regularly be subject to a countervailing tax. The Minister concerned felt that present import prices were not abnormal. Moreover, the application of the proposed reference price level was likely to cause serious difficulties with certain third countries in regard to commercial policy and it cannot be regarded as likely to improve the position of Italian citrus fruit producers.

In view of these considerations, the Dutch members of the Administration Committee for Fruit and Vegetables were instructed to vote against the proposal. (Second Chamber, 1965/66 Session, Annex, p. 93, No. 74)



III. INTERNATIONAL PARLIAMENTARY ASSEMBLIES

1. The European crisis as reflected in international parliamentary assemblies

The crisis of the European Communities is only one aspect of a crisis affecting international relations in the Atlantic Alliance and in the world. We append hereunder extracts from a number of resolutions and recommendations passed by the Consultative Assembly of the Council of Europe, the NATO Parliamentarians' Conference and the Assembly of Western European Union.

We would also recall that the European Parliament pronounced on this crisis in its resolution of 21 October 1965 on the Eighth General Report on the activities of the Community. This resolution was published in the Official Gazette of the European Communities, No. 187 of 9 November 1965, and it was commented upon in issue No. 11 of the Monthly Bulletin of European Documentation.

In addition, on 23 October the Foreign Affairs Committee of the Benelux Consultative Interparliamentary Council passed a recommendation which was given in issue No. 9 of the Monthly Bulletin of European Documentation.

a) Consultative Assembly of the Council of Europe

RECOMMENDATION 425 (of 28 September 1965)
on the general policy of the Council of Europe

The Assembly,

A.

1. Noting with concern that the differences between the Members of EEC over the financing of the common agricultural policy have brought much of the work of the Community to a standstill;
2. Considering that this situation, if it were to continue, would be disadvantageous not only for the Six but also the Seven and all countries and organizations endeavouring to achieve the unity of Europe;

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3. Convinced that the interest of all Member States requires that this latest crisis should be surmounted quickly;
4. Expresses its confidence that all the parties concerned will together find a solution to the present difficulties so that the economic progress of EEC can continue in such a way that the integrity of the Community principles and working methods are not impaired;
5. Expresses the hope that the Council of Ministers of EEC will lose no time in seeking, in a spirit of loyal European co-operation, the basis of an agreement enabling EEC to resume and to develop its normal activities in accordance with the Treaty of Rome;
6. Welcoming the initiatives taken at the meeting of the EFTA Ministerial Council in Vienna in May 1965;
7. Noting that proposals are to be made at the forthcoming Ministerial meeting of the Council of EFTA in October 1965;
8. Recommends Governments of Member States of the Council of Europe which belong to EEC and EFTA respectively to do all in their power to promote co-operation between the two bodies and to prevent divergences of policy between them;
9. And further recommends Governments of Member States to extend and encourage co-operation in joint industrial and technological projects, of which Anglo-French co-operation in the aircraft industry is an example, either on a bilateral or, preferably, on a multilateral basis;

B.

10. Welcoming the decision of the Committee of Ministers to ask the Secretary General to prepare a programme of work for the Council of Europe as a whole;
11. Considers that the implementation of such a programme of work in the many fields in which the Council of Europe is competent will assist the process of European unification by laying a solid foundation from which the work of all European organizations can benefit;

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C.

12. Believing that contacts between Western and Eastern European countries should increase;
13. Recommends all member Governments to exchange information and, if possible, concert their efforts and initiatives, establish new contacts and increase existing ones in the interest of a wider Europe providing a guarantee of a lasting settlement of the latent problems of the continent of Europe and of world peace;
14. Underlines the important and original part which the Council of Europe can be called upon to play in materializing the new tendencies now appearing in isolation in Europe;
15. Expresses the hope that the programme of work may furnish appropriate opportunities for certain areas of technical co-operation with other European States;
16. Recommends the Committee of Ministers to invest the Council of Europe, apart from its traditional activities, with the task of studying possibilities of co-operation on an all European basis, independently of differences in social, economic and political systems.

b) NATO Parliamentarians' Conference

RECOMMENDATION adopted in October 1965

The Conference,

Believing that, in the present world situation, there is still need for close solidarity between the nations bound together by common interests and ideals, such solidarity at present taking the form of the North Atlantic Treaty Organization;

Considers that the strength of the Alliance is directly dependent upon the efforts naturally sufficiently combined, co-ordinated and integrated, which each of the member nations agrees to make in the service of such solidarity;

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Considers further that true solidarity must assert itself by implementing ever more strongly, in deeds, respect for the principle of equal rights of the nations;

Considers also that the balance in the Alliance can only be established by the internal association of the North American and European Forces;

Considers, moreover, that the solidarity of the free peoples must extend beyond the geographical area covered by the North Atlantic Treaty;

urges NATO Governments to keep up their efforts to solve the problems of the co-ordination of their policies and their forces, a condition necessary to the development of a common military philosophy;

recommends further that special attention be paid immediately to the problems of political and operational planning.

RECOMMENDATION adopted in October 1965

(Kennedy Round)

The Conference,

Underlining the great importance of a positive outcome of the Kennedy Round tariff negotiations for the increase of international trade both between developed countries and between these countries and the developing countries;

Noting that the Kennedy Round negotiations have made real progress in the technical field of the negotiations within the framework of GATT;

Aware of the fact that the present crisis within the European Economic Community might endanger the eventual success of the Kennedy Round;

recommends that the parties involved in the Kennedy Round tariff negotiations - especially the competent institutions of the European Community - take all possible steps to overcome the present political and technical difficulties and try to conclude the Kennedy Round as scheduled before 1 July 1967;

further recommends that, when the negotiations under the Kennedy Round have been completed, further efforts should be made to increase trade between NATO countries.

RECOMMENDATION adopted in October 1965

(Co-ordination of the policies at UNCTAD)

The Conference,

Noting the creation, desired by a great number of developing countries, of the United Nations Conference on Trade and Development (UNCTAD);

Bearing in mind that UNCTAD and its permanent organ the Trade and Development Board may become an important forum for discussions of the international economic relations between the Western developed countries and the developing countries in Africa, Asia and Latin-America;

Having noticed the desire of the developing countries that UNCTAD and its subsidiary organs become an overall institution for discussing and negotiating agreements in the field of trade and financing and the desire of the Western countries that UNCTAD may not overlap the very useful work done after World War II until now by such institutions as GATT;

recommends that the governments of the Western countries should co-ordinate within the framework of the OECD to the fullest extent possible their trade and finance policies towards developing countries;

recommends further that this co-ordinated policy of the Western countries will be formulated in such a way that it opens real possibilities for economic and social progress for the developing countries by a large extension of trade and financial assistance while preserving at the same time the existing international bodies in the field of trade so that they can continue their work in a well understood interest of both developed and developing countries.

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c) Assembly of Western European Union

RECOMMENDATION 126 (1) on the political future of NATO

The Assembly,

Having studied the report on the political future of NATO;

Concerned by the different attitudes towards the organizational aspects of the Atlantic Alliance;

Noting with regret the growing divergencies between the foreign policies of the member countries;

Convinced that the Alliance should continue to fulfil its rôle in both the political and the military fields;

recommends that the Council urge the member governments:

1. to continue the efforts for strengthening an integrated defence system to uphold confidence in the deterrent and ensure the preservation of peace and security in the area covered by the North Atlantic Treaty;
2. to develop within the North Atlantic Council effective political consultation on world affairs.

RECOMMENDATION 127 (1) on the state of European security

The Assembly,

Recognizing

- a) that NATO has for sixteen years successfully deterred Soviet aggression;

(1) Adopted by the Assembly on 17 November 1965 during the Second Part of the Eleventh Ordinary Session (11th Sitting).

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- b) that the continued ability of NATO to perform this task depends upon the maintenance of adequate forces under unified command, in a high state of readiness;
- c) that it is urgently necessary to conclude world-wide agreements to prevent the further spread of nuclear weapons including the establishment of some system of collective defence to give security to non-nuclear States which are not protected by alliance with a nuclear power;
- d) that, since the security of the West still depends as much as ever on the immense military resources of the United States, it is natural that America should continue to play a leading part in NATO, but that, with the increased military contribution of the other allies, it would be right that they should be accorded a bigger say in the direction of the Alliance;
- e) that, while this result might be partially achieved by some new arrangements designed to give to the other Member States a fuller share in the formulation of the policy and strategy of the Alliance and the control of nuclear forces, the only real solution lies in the development of a true partnership between the United States of America and a united Europe, on the basis of interdependence and equality, as proposed by President Kennedy and endorsed by the Assembly of the Council of Europe;
- f) that at present the principle of interdependence is operating largely in one direction only and that, unless Europe secures a more equitable share of the NATO armament programme, from which so many important advances flow, European industries will fall increasingly behind those of America in the vital field of applied science and technology;
- g) that, so long as the European nations remain politically divided and cannot speak with one voice, they will not be able to exercise their due influence in NATO or in world affairs, and any idea of equal partnership between Europe and America will be out of the question;
- h) that the achievement of political unity must, therefore, be the central aim of European policy;
- i) that whatever form European political union may ultimately take, it would be best to base it upon the European Economic Community, enlarged to include Britain and such other democratic European nations as are willing and able to assume the obligations involved; and

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- j) that, while waiting for the enlargement of the EEC, useful steps can be taken to pave the way for political integration, and that Western European Union is the organization best fitted to perform this task,

recommends

1. That the Council should make the following proposals to the North Atlantic Council:
 - a) that the integrated command structure of NATO be fully maintained and further developed with such improvements as experience may have shown to be desirable;
 - b) that a Supreme Executive, composed of permanent representatives of the larger allied countries and rotating representatives of the other Member States, should be entrusted with the overall direction of the Alliance in all its aspects, both military and political;
 - c) that, in considering any proposals for the creation of a joint allied nuclear force, regard should be paid to their effect upon the achievement of other important objectives, such as European integration and the prevention of nuclear proliferation outside the NATO area;
2. That the Council should submit to the North Atlantic Council a comprehensive plan for the equitable sharing of the armaments programme of the Alliance and, with this object, should take the initiative to secure the establishment of a European Armaments Board, composed of ministers of those European governments which wish to participate, the function of which would be:
 - a) to endeavour to bring European purchases of arms in America progressively more into balance with American purchases of arms in Europe;
 - b) to co-ordinate national staff requirements and, where divergencies cannot be reconciled, to take the necessary decisions to secure the standardization of European armaments;
 - c) to ensure that that part of the programme which is carried out in Europe shall be fairly distributed among the European countries with suitable industries, by the formation of international consortia or other methods;

3. That the Council should take positive steps to promote the unification of Europe, in accordance with the undertakings given in the Treaty of Brussels of 1954, and that, in particular, the governments of the Member States should establish the practice of close and continuous consultation, with the object of evolving a common European approach to the problems of NATO and other international issues, thereby helping to prepare the way for European political union.

Benelux Inter-parliamentary Advisory Council

RECOMMENDATION passed by the External Affairs Committee on 23 October 1965

The Benelux Inter-parliamentary Advisory Council:

urges the three Benelux Governments to agree on a common attitude to the EEC crisis;

stresses that the attitude adopted must be based on a respect for the Treaty of Rome, its implementation by the EEC institutions and the maintenance of their respective powers.

2. The activity of the Latin American Parliament

The Executive Council of the Latin American Parliament, the Regional Secretaries and members of the Political Integration Commission

CONSIDERING

1. that the fundamental aim of the Latin American Parliament is to "promote and direct the political, social, economic and cultural integration of the Latin American peoples",
2. that to achieve this aim it is essential to set up a standard of political values which translate the positive determination of our peoples to maintain the parliamentary system,

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3. that the effective operation of representative democracy is supported by the Statute of the Latin American Parliament and by Article 5 of the Charter of the Organization of American States,
4. that the Second Extraordinary Inter-American Conference is to be held on 17 November in the city of Rio de Janeiro, Brazil,

D E C L A R E

that notwithstanding the need for an immediate meeting of the Second Inter-American Conference, present conditions are not favourable for holding such a meeting in Rio de Janeiro as the political events that have occurred in the sister Republic of Brazil are incompatible with the basic principles of the Charter of the Organization of American States and of the Latin American Parliament.

Buenos Aires, 3 November 1965

Latin American Parliament

The Executive Council of the Latin American Parliament meeting in Buenos Aires, with the assistance of the Regional Secretariats and Members of the Political Integration Commission, in accordance with the principles, agreements and recommendations approved by its two Assemblies, have unanimously issued the following

D E C L A R A T I O N

1. Experience of the operation of the American regional system and the repeated instances when the basic principles of the Bogotá Charter have been transgressed or ignored, demonstrate the urgent need to introduce basic reforms in its structure, in order to fully achieve the high aims at the root of its foundation.
2. The existence of new political, economic and social realities in the Hemisphere; the growing desire of the Latin-American peoples to speed up their development and to ensure the existence without limitations of a representative democracy, under conditions of justice and progress, make it necessary to adjust and modernize the American regional system.

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3. It is essential to call an Extraordinary inter-American Conference for the purpose of amending the Charter of the Organization of American States and introducing in it principles and setting up institutions required by the new American reality.
4. A reform of the regional system requires, as an irreplaceable and basic guarantee for establishing balanced and fair relations between the United States and the Latin American countries, the economic, political and cultural integration of Latin America. A united Latin America, sharing in the common effort to promote development, will strengthen the inter-American system, remove any subjection or hegemony within the Organization and make it possible to assert the rights and aims of our peoples in a world characterized by the decisive importance of large and co-ordinated regional groupings. The inter-American bodies for economic and social co-operation (CIAP, CIES, BID) must direct their efforts towards the aim of promoting Latin-American integration.
5. The existence of the inter-American system is inconceivable without the true exercise of representative democracy. Governments that have not been elected by universal suffrage or that oppose, in any form whatever, the full use of human rights, shall not be admitted to the Organization of American States and shall not receive any assistance from organizations in the Hemisphere. A revised Charter should incorporate the inter-American treaties or agreements that exclude the presence of undemocratic governments in a system whose *raison d'être* is based on the genuine practice of democracy throughout all its Member States.
6. To strengthen and preserve the democratic institutions, the regional system must include an advisory body, compulsory for the Member States, which shall lay down specific conditions for granting or refusing recognition to *de facto* governments. A basic requirement for recognition should be the obligation to carry out truly free elections within a brief period of time that must not be extended, the actual respect of human rights and the presence at assembly meetings of observers from the regional organization.
7. We demand the international protection of human rights and the setting up of an inter-American court or tribunal to which individuals or organizations could appeal against any violation of the guarantees laid down in the Universal Declaration of Human Rights and in the Rights and Obligations of the Americans. This court should be endowed with sufficient powers to recommend effective sanctions against transgressors.

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8. Economic relations within the Hemisphere should be adjusted and improved by means of an inter-American treaty which provides for fair economic assistance by the developed countries of the continent to developing countries, and binds the former to carry out the structural reforms that would promote fruitful co-operation.
9. The Latin American Parliament and the parliamentary bodies of the other countries of the continent must be recognized as advisory bodies of the Council of the Organization of American States so as to ensure that the policies of the Governments regarding inter-American problems represent the various political trends of the Hemisphere.
10. The reformed inter-American system must fully respect the right of democratic self-determination of the peoples, reject any form of unilateral intervention, take effective action against any internal or external totalitarian aggression and fully set up the defence machinery created by the Inter-American Mutual Assistance Treaty, ratified by all the governments and parliaments of the American countries.
11. We hope that the regional organization will be enlarged so as to include Canada, Jamaica, Trinidad-Tobago and any other democratic and sovereign nation emerging on the American continent without injuring any pre-existing Latin American right.
12. We urge that the structure of the Organization of American States be reorganized in order to make it more dynamic, avoid a duplication of efforts and organizations and keep the O.A.S. in closer direct contact with continental public opinion; we also urge that the term "Pan American Union" be abolished as it refers to a body that is still dependent on the general secretariat and reflects all the vestiges of a tutelar policy that has been definitely obliterated by history.

Buenos Aires, 4 November 1965

DECLARATION OF THE EXECUTIVE COUNCIL OF THE LATIN AMERICAN PARLIAMENT MEETING IN SANTIAGO, CHILE FROM 8 TO 10 OCTOBER 1965, REJECTING AND CONDEMNING RESOLUTION NO. 560 OF THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES WHICH URGED UNILATERAL AND ARMED INTERVENTION IN COUNTRIES OF LATIN AMERICA

"The Executive Council of the Latin American Parliament, meeting in Santiago, Chile, interpreting the opinion expressed by most of the national parliaments forming part of it, in accordance with the principles at the root of its foundation

and the feelings of popular majorities in Latin America, have issued the following declaration:

- "1. Reject and categorically condemn Resolution No. 560 of the House of Representatives of the United States which urges unilateral and armed intervention in countries of Latin America,
- "2. Reaffirm that the regional system of the Hemisphere is based on principles which the above-mentioned Resolution clearly transgresses, and in particular Article 15 of the Charter of the Organization of American States which prohibits intervention in the internal affairs of other countries, especially through armed force; Article 17 of the above Charter which prohibits the use of force, whatever the reason; Article 1 of the Inter-American Mutual Assistance Treaty whereby all American States undertake not to resort to threats or the use of force in their international relations,
- "3. Consider that the Resolution of the House of Representatives of the United States constitutes a serious set-back in inter-American relations and reveals a deep crisis in the regional system which causes profound concern to the Latin American Parliament,
- "4. Are eager to seek effective means of overcoming this crisis which endangers the sovereignty and future of the Latin American nations, appeals to the governments to maintain a firm position in regard to the guarantees provided by the Legal Organization of the Hemisphere; invite the peoples of Latin America and their political, trade union and cultural organizations to defend our liberties; urges the national parliaments to remain vigilant in defending these principles, and have decided to study a plan for reforming the Organization of American States that would include, as one of its fundamental requirements, the integration of Latin America,
- "5. The Executive Council of the Latin American Parliament draw the attention of the Congress of the United States to the negative nature and the serious consequences of attitudes such as that demonstrated by Resolution No. 560, and declare that they are prepared to defend the justice of the Latin American cause before continental and world public opinion and uphold it, through frank and direct discussions with the appropriate legislative bodies in the United States."