european community
information service

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EUROPEAN COMMUNITY

The Facts

The European Community

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European Community
The Facts

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August 1967

The European Community

The European Community covers an area of 449,000 square miles. In this area live 184 million people, or nearly as many as in the United States, and the Community's working population of 75 million is only slightly smaller than that of the US. The populations of Greece and Turkey, which are associated with the Community with a view to eventual full membership, are 8½ and 31 million respectively. The 18 countries in Africa and Madagascar associated with the Community under the Yaoundé Convention have 65 million inhabitants. Nigeria, the most populous African state of all, with some 55 million inhabitants, in July 1966 signed an association agreement with the Community.

Four European countries with a combined population of 66 million are now seeking membership of the Community; three others with a total population of 47 million are seeking or plan to seek association or similar links.

The Community countries in 1966 produced 85 million metric tons of steel and 206 million tons of coal. The Community has the world's second largest output of motor vehicles and is one of the leading producers of farm produce – the second biggest milk producer of all and the third largest producer of meat.

It is also one of the fastest-growing major economic areas of the world: between 1958, the year in which the Common Market began, and 1966 its gross product increased in volume by 51%, compared with 45% for the USA and 30% for the UK. Between 1958 and 1966 the six countries' combined industrial output rose by 67%, against 72% in the USA and 33% in the UK.

The Community is the world's largest trader. In 1966 the Community's imports from the outside world totalled $30,735 million and its exports $29,412 million.

Some comparisons

	Community	UK	USA	USSR
Area (thousand sq. miles)	449	94	3,600	8,600
Population, mid-1966 (millions)	183·2	54·9	196·8	233·5
Active working population 1966 (millions)	74·4	25·8	75·8	105·0
Steel production 1966 (millions of metric tons)	85	25	125	97
Steel consumption per head of population 1965 (kilograms)	384	437	671	395
Gross energy consumption per head of population 1965 (metric tons, coal equivalent)	3·4	5·4	9·2	3·8
Grain production, average 1963-65 (millions of metric tons)	59·2	12·7	169·0	136·5
Meat production 1966 (millions of metric tons)	10·5	2·6	19·2	10·8
Milk production 1966 (millions of metric tons)	70·5	11·3	55·3	76·1
Motor vehicle production 1966 (millions)	6·10	1·60	8·60	0·20
Imports from rest of world 1966 ($ millions)	30,735	16,671	25,336	7,910
Exports to rest of world 1966 ($ millions)	29,412	14,661	29,899	8,833
Gold and dollar reserves end-1966 ($ millions)	20,191	3,100	14,556	2,000[1]

[1] end - 1964

What?

The European Community is welding into one unit the national economies of six countries:

Belgium	Germany	Luxembourg
France	Italy	Netherlands

These nations also aim at eventual political union.

The three parts of the European Community are:

The European Coal and Steel Community (ECSC)

set up under the *Paris Treaty* in 1952, which paved the way towards unity by pooling the six nations' coal, steel iron-ore and scrap resources in a single market.

The Common Market

(officially the European Economic Community or EEC), whose institutions were set up under the *Rome Treaty* at the beginning of 1958, and which is gradually integrating (over 10½ years, as against the 12 years originally thought necessary) the six nations' other economic resources – in a market of 184 million consumers.

Euratom

(the European Atomic Energy Community or EAEC) also set up at the beginning of 1958 under a second Treaty signed in Rome, and which is helping to provide the Community with a powerful atomic industry developing peaceful uses for nuclear energy.

Why?

- To end for ever the conflicts which so long divided the nations of Western Europe.
- To restore Europe's self-respect and to enable her to play a role in the world commensurate with her economic strength and cultural heritage.
- To improve by joint action the working conditions and living standards of the people of Europe.
- To abolish the outdated barriers which split up Western Europe into small, protected markets.
- To speed up technological progress, and to make possible large-scale operation in the increasing number of industries in which it is essential.
- To make a special, joint effort to help the less-favoured areas of the Community and its overseas associates.
- To form the basis for a future United States of Europe.

How?

- By setting up permanent Community Institutions to apply the Treaties and to work out and implement common policies.
- By setting up a Commission which represents the general Community interest, enforces the Treaty and subsequent decisions, and is alone responsible for proposing common policy measures.
- By making this Commission constitutionally responsible to a European Parliament.
- By empowering a policy-making body, the Council of Ministers, in which each member government is represented, to take decisions on most Community matters by a majority vote if need be, and thus avoid a national veto.
- By creating a Court of Justice whose rulings are final and binding on all parties, including the Commission, the Council, the national governments, individuals and firms.
- By expressly forbidding the members and staff of the Community Institutions to accept instructions from national governments.
- By making many Community decisions directly binding in the territory of the member states without having to be embodied in national legislation or regulations.
- By giving the Commission the power in specific cases to impose heavy fines for infringement of Community regulations.
- By giving the Commission powers to inspect the books of Community concerns in the coal, steel and transport sectors, to check nuclear stocks imported under Community auspices, and to carry out investigations into restrictive trading practices.

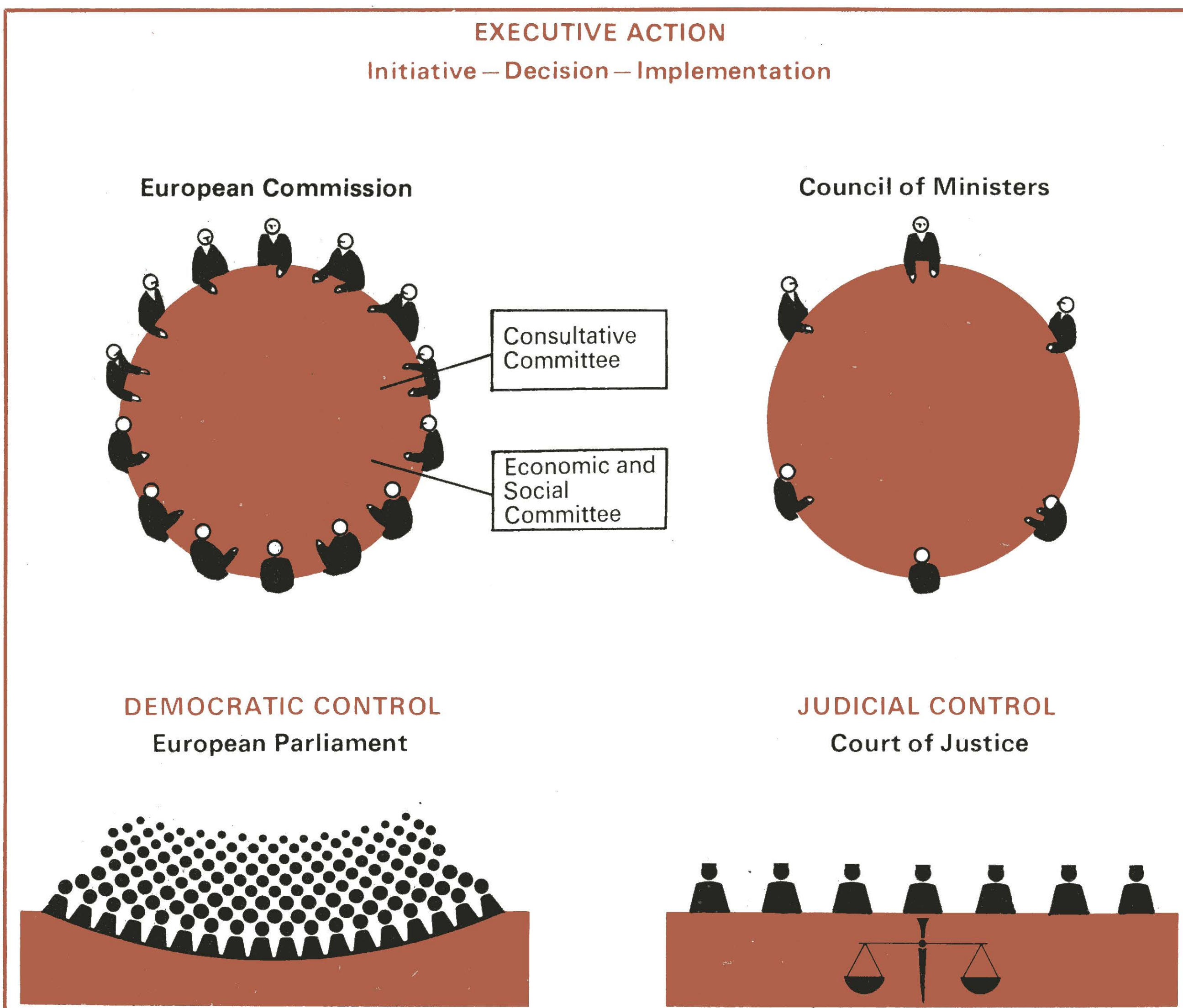
The Institutions

The ECSC, Common Market and Euratom share the same institutional framework: the Commission, the Council of Ministers, the European Parliament and the Court of Justice. The core of the Community policy-making process is the 'dialogue' between the Commission, which initiates and implements policy, and the Council of Ministers, which takes major policy decisions. The beginnings of democratic control are exercised by the European Parliament, while the Court of Justice ensures the rule of law and is the final arbiter in all matters arising from the Community Treaties.

Since the start of the Common Market and Euratom in 1958 the Parliament and Court of Justice have been common to all three Communities. Up to July 1967, each Community had its own executive body (the Common Market and Euratom Commissions, and the ECSC High Authority) and its own Council of Ministers.

In April 1965 the Six signed a treaty providing for the merger of the three executive bodies in a single Commission and of the three Councils in a single Council, with a view to the eventual merger of the three Communities themselves.

The merger treaty came into force on July 1, 1967; the single Council and single Commission then took over from their predecessors the powers conferred by all three Community Treaties.



The Commission

The Commission consists of 14 members – three each from Germany, France and Italy, two from the Netherlands and Belgium, and one from Luxembourg. Within three years of the July 1967 merger their number is to be reduced to nine. The members of the Commission are appointed by agreement among the six member governments for a four-year renewable term; the president and vice-presidents are appointed from among the members for a two-year term, also renewable.

The members of the Commission are pledged to independence of the governments and of national or other particular interests. They accept joint responsibility for their decisions, which are taken by majority vote.

In addition to being the initiator of Community action and having specific executive powers, the Commission acts as a mediator between the member governments in Community affairs and is the guardian of the Community Treaties.

Because the former ECSC High Authority and the EEC and Euratom Commissions enjoyed different responsibilities under their respective Treaties, the single Commission has separate tasks in respect of each of the three Communities.

For the Common Market the role of the Commission is to complete the gradual establishment of a general common market of the six countries in which trade restrictions of all kinds will have been abolished and in which all goods, services, labour and capital move freely. The Commission is also working out and – after adoption by the Council of Ministers – implementing common policies for agriculture, transport and external trade. With the Council, it is working towards common economic, monetary, regional, social and labour policies which will ensure the integration of the economies of the six states. A series of specialized committees composed of national government, Commission and other experts advise on the drawing-up and implementation of these policies. An increasingly important duty of the Commission is to work out means of harmonizing taxes, and the laws, regulations and administrative practices governing economic activity in the six member countries. This is essential if goods are to be produced and sold throughout the Community without discrimination for or against any particular producers or consumers, and if living standards are to be improved in all the member countries.

For the ECSC the Commission is responsible for supervising the common market in coal and steel, enforcing the Paris Treaty's rules of fair competition, encouraging and coordinating investment and research in the coal and steel industries, promoting the redevelopment of declining coal and steel areas, and aiding workers threatened with unemployment. Under the powers inherited from the former High Authority the Commission can take decisions on many matters affecting the coal and steel industries without the specific consent of the Council of Ministers.

Under the Euratom Treaty the Commission's task is to help create a powerful industry for the peaceful uses of atomic energy. It supplements and coordinates nuclear research, trains scientific staff, disseminates the results of research, and operates a supply agency for fissile materials, It inspects nuclear installations using these supplies, and lays down basic health standards to protect workers and the general public against radiation hazards.

The members of the single Commission which took office in July 1967 are:

President:	Jean Rey[1] (Belgian)
Vice-Presidents:	Sicco Mansholt[1] (Dutch)
	Lionello Levi Sandri[1] (Italian)
	Fritz Hellwig[2] (German)
	Raymond Barre (French)
Members:	Albert Coppé[2] (Belgian)
	Guido Colonna[1] (Italian)
	Hans von der Groeben[1] (German)
	Henri Rochereau[1] (French)
	Emmanuel Sassen[3] (Dutch)
	Victor Bodson (Luxembourg)
	Jean-François Deniau (French)
	Wilhelm Haferkamp (German)
	Edoardo Martino (Italian)

1 Former member of the Common Market Commission
2 Former member of the ECSC High Authority
3 Former member of the Euratom Commission

The Council of Ministers

The Council is the only Community Institution whose members directly represent the member governments. Which ministers of the national governments sit in the Council normally depends on the subject under discussion (for example, economic affairs, agriculture, or transport). For major decisions the Foreign Ministers are usually present.

For ECSC affairs, the role of the Council of Ministers is mainly limited to giving an opinion before the Commission takes decisions; on certain fundamental questions, however, the approval of the Council is required before decisions become binding. The Council's decisions are taken mainly by majority vote.

On EEC and Euratom matters, the Council of Ministers takes the final policy decisions, but it does so only on the basis of proposals from the Commission, and can modify such proposals only by unanimous vote. In the first eight years decisions in many fields had to be unanimous, but weighted majority voting, which is the basic principle of the Rome Treaties, became the general rule from January 1966 onwards. For weighted majority decisions France, Germany and Italy have four votes each, Belgium and the Netherlands two each and Luxembourg one. On Commission proposals, any 12 out of the 17 votes constitute a majority; in other cases, the 12 votes must include those of at least four countries.

Following disagreement in June 1965 on Commission proposals for financing Community activities (see page 18), the French Government sought a "general revision", in particular the abandonment of majority voting on issues which member governments considered vital to their interests, and modification of the Commission's role. This position was not accepted by the other five governments and in January 1966 in Luxembourg the Six "agreed to disagree" on majority voting and to consider some changes in Council-Commission procedures. Full Community working, which was interrupted by the French Government's withdrawal from major Community Institutions in July 1965, was resumed in February 1966.

The meetings of the Council are prepared by a Committee of Permanent Representatives of the member countries.

The European Parliament

A 142-man Community Parliament, whose members are at present elected from and by the legislatures of the member countries. The Treaties envisage ultimately their direct election to the Parliament by universal suffrage. Plans for this were drawn up by the Parliament in 1960 and submitted to the Council of Ministers, but no action had been taken on the proposals by mid-1967. The Commission must report annually to the European Parliament, which can oust it at any time by a motion of censure, voted by a two-thirds majority. The European Parliament must be consulted before decisions are taken on certain EEC and Euratom affairs, and it has the right to propose changes in the Community budget.

The Parliament holds plenary sessions, lasting roughly a week, about eight times a year and maintains 12 standing committees which closely follow the Commission's work. Members of the Parliament frequently put written and oral questions to the Commission, and sometimes to the Council of Ministers. The members are divided into four political groups – Christian Democrats, Socialists, Liberals and the European Democratic Union – and sit together in these groups irrespective of nationality.

The Court of Justice

A supreme court of seven judges (at least one from each member country) with the power to decide whether acts of the Commission, the Council of Ministers, member governments and other bodies are compatible with the Treaties. The Court can annul acts of the Commission itself and of the Council of Ministers. Appeals to the Court against a member state for alleged failure to meet its Treaty obligations may be made by the Commission or other member states. Member states, Community Institutions, firms and individuals may also bring actions against the Commission and Council for failure to act under the Treaty. The Court also has power to rule in cases submitted by national courts for interpretation of the Treaties and their implementing legislation.

Cases coming before the Court are examined in two phases, one written and one oral. After this, one of the Court's two advocates-general sums up the case and recommends a decision to the judges. The latter need not, however, accept this opinion. They reach their own decision by majority vote; dissenting opinions are not made public. By December 1966, 483 cases had been submitted to the Court, which had given judgment in 357 of them.

Other bodies

In addition to these Community Institutions, a number of consultative bodies aid the Community's work. The two main ones are:

The Economic and Social Committee

which must be consulted on major proposals in the Common Market and Euratom: it consists of 101 representatives of employers', workers', consumers' and other groups.

The Consultative Committee

with 51 members, which carries out a similar task for the ECSC.

Specialized bodies advise on particular subjects:

The Monetary Committee

advises the Commission and Council of Ministers on monetary problems. It consists of government and central-bank officials and Commission experts.

The Short-term Economic Policy Committee

aids the Six in coordinating their day-to-day economic policies and in maintaining a steady, healthy rate of economic expansion.

The Medium-term Economic Policy Committee

of national representatives and Commission members charts the probable trend of the Community's economy over a five-year period.

The Committee of Central Bank Governors

meets to discuss credit, money-market and exchange matters, with a member of the Commission attending.

The Budgetary Policy Committee

consists of leading officials responsible for drawing up the member governments' budgets.

The Transport Committee

of national officials and experts advises the Commission on transport problems.

The Administrative Commission for the Social Security of Migrant Workers

protects the interests of Community citizens working in a member country other than their own. It comprises national officials and representatives of the Commission.

The Scientific and Technical Committee

advises the Commission on nuclear problems.

The Nuclear Research Consultative Committee

comprises government representatives, with the chairmanship and secretariat provided by the Commission.

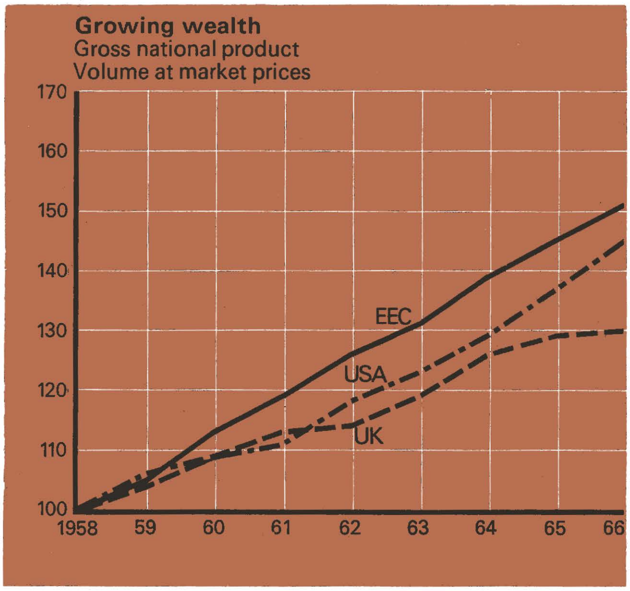
Ten years of progress

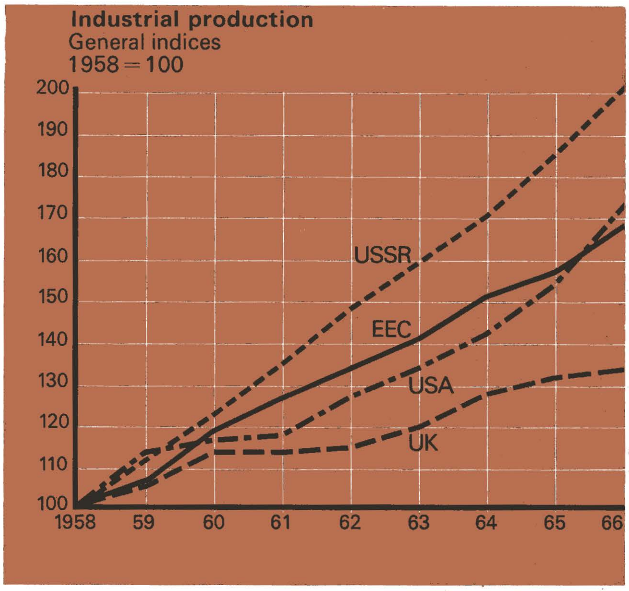
Growth

The European Community is among the fastest-growing economic areas in the western world. In the nine years from the coming into effect of the Rome Treaty in January 1958 to the end of 1966 the six member countries' combined industrial production rose by 67%, compared with 72% in the United States and 33% in Britain. From 1958 up to the end of 1966 the six countries' gross national product – the sum total value of goods and services produced by all sectors of the economy – had risen by 51%, compared with 45% in the USA and 30% in Britain.

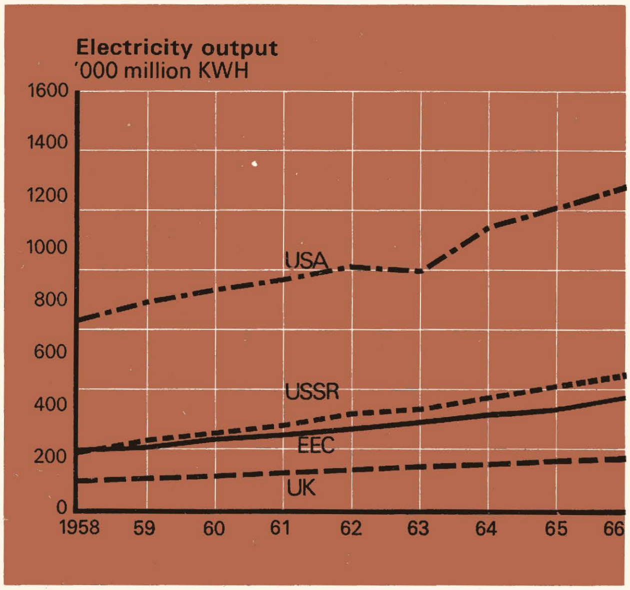
True, the Community rates of growth have lately been showing signs of slowing down. The Community's first medium-term economic program, prepared early in 1966, estimated that the Community's gross product would increase by an average of 4·3% per annum over the years 1966–70 inclusive, compared with an actual annual rate of growth of 4·9% in the previous five years. But this was due to a slow-down in Germany which was expected to reverse itself in the second half of 1967.

Clearly, not all the economic expansion of the Six can be attributed to the coming into effect of the Common Market – which will, in fact, not be completed until July 1, 1968, when the final customs duties are removed from trade between the member countries. But economists agree that the impressive growth in trade between the Six themselves and between the Six as a group and the rest of the world has been a substantial contributory cause of this rapid expansion. Moreover, the knowledge that customs barriers between the Six were being gradually removed, and that, in many cases, duties on imports from non-member countries were also being lowered, undoubtedly acted as a spur to Community industry and commerce to reshape itself through mergers and internal reorganization, and thus meet fiercer competition through greater efficiency.



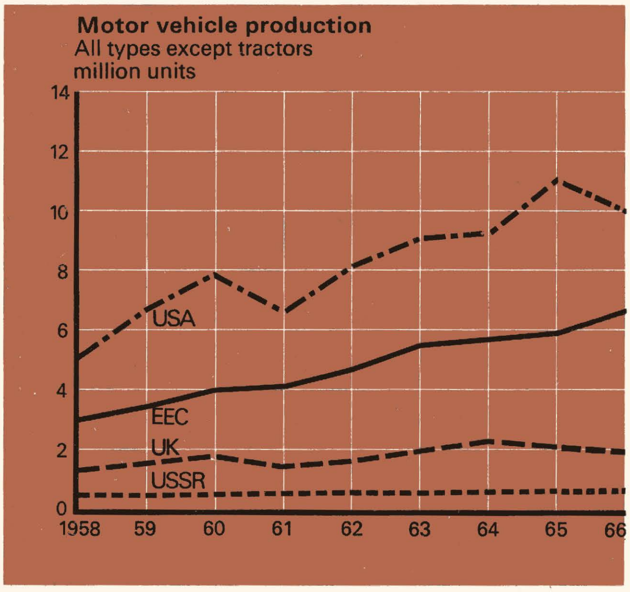


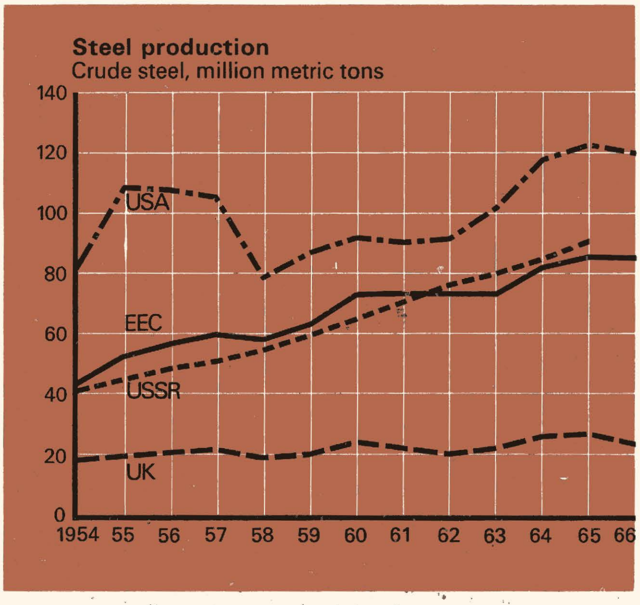
Production and consumption

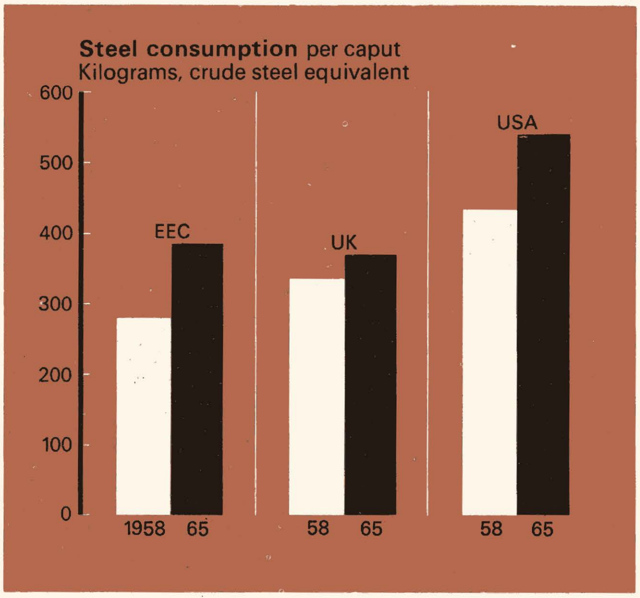


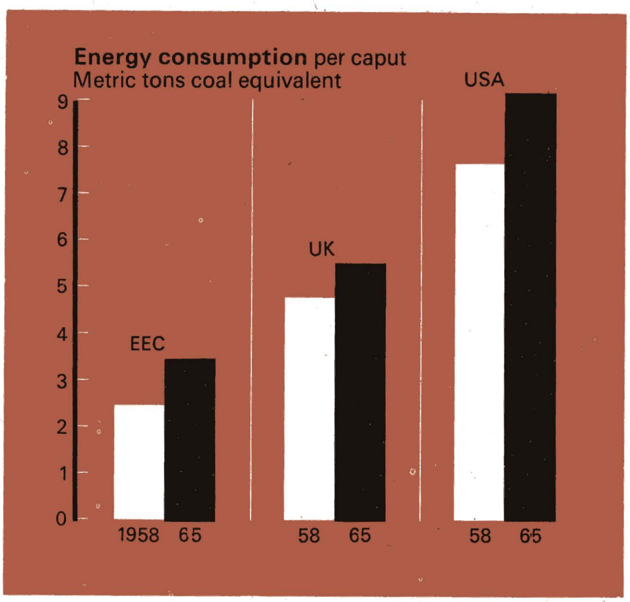
The productive power and consumption capacity of the Community are indicated by its performance in three key fields. For motor vehicles, the Community ranks second in output after the USA; in steel and electricity production it comes third, after the USA and Soviet Union – both of which in their vast territories have larger populations and much greater natural resources than the Community.

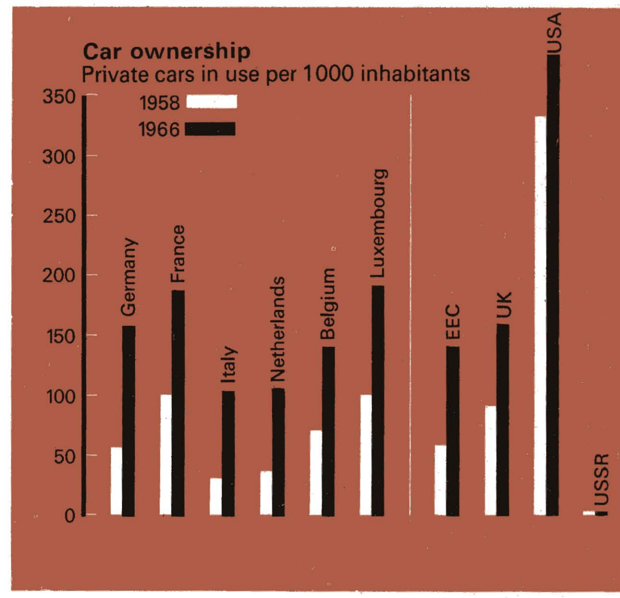
At the same time, the lower consumption of energy and steel per head of population, and the smaller number of motor cars in use per 1,000 inhabitants, show how far the Community lags behind the USA in living standards – though it is far ahead of the Soviet Union. The Community countries are making rapid headway, however, particularly in comparison with Britain. Average living standards in some Community countries – Luxembourg and Belgium, and probably Germany and France too – have caught up with or overtaken the British level.



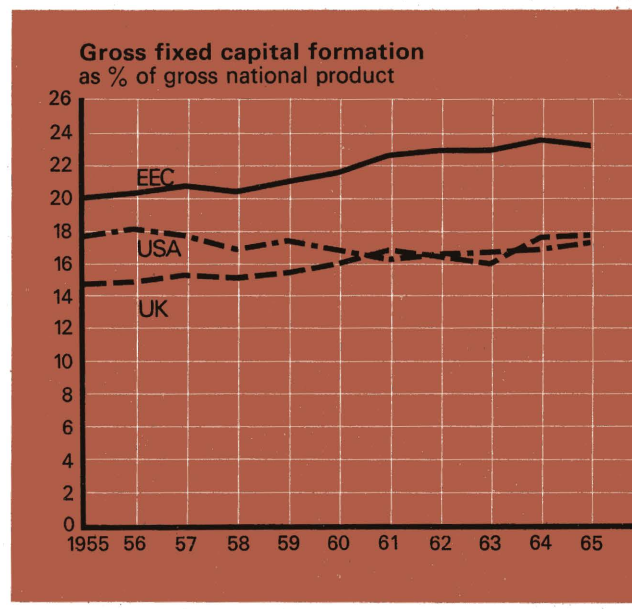


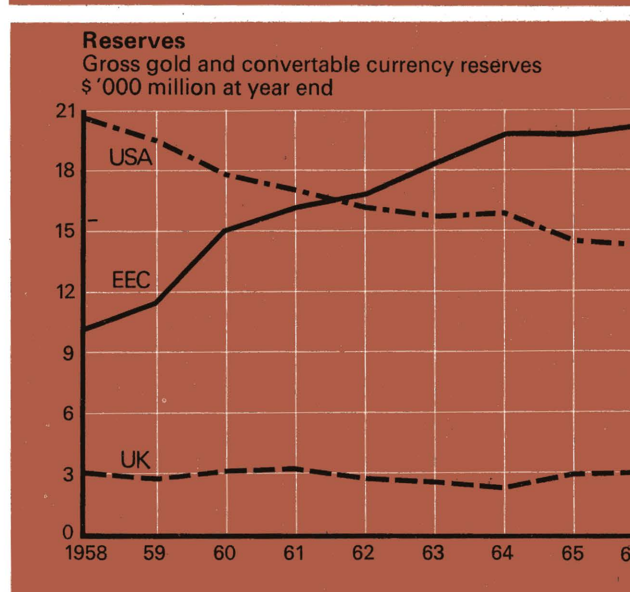






Economic strength





The basic strength of the six countries' economies is evident. Their reserve holdings of gold and convertible currency reserves have grown steadily, from $10,192 million at the beginning of 1958 to $20,191 million at the beginning of 1967. Moreover, the six countries have been building up their economic strength by saving a greater proportion of their gross product than either the USA or Britain. By investing at a high rate in modern plant, highways, docks and other productive facilities, and holding down current consumption, the Six are ensuring a sound base for long-term prosperity.

The Community's economic growth was for several years achieved without inflation; more recently, however, especially since the manpower shortage became acute in the early 1960s, rising prices have been a cause of concern. In France, Italy and the Netherlands, consumer prices have risen by about 30% since 1958. In Germany and Belgium they rose by about 20%, or rather less than in Britain (25%); the increase in the USA was about 12%. Italy experienced balance-of-payments difficulties in 1963–64, but staged a rapid recovery; and in 1966–67 there was evidence that the German and Dutch economies were becoming overheated.

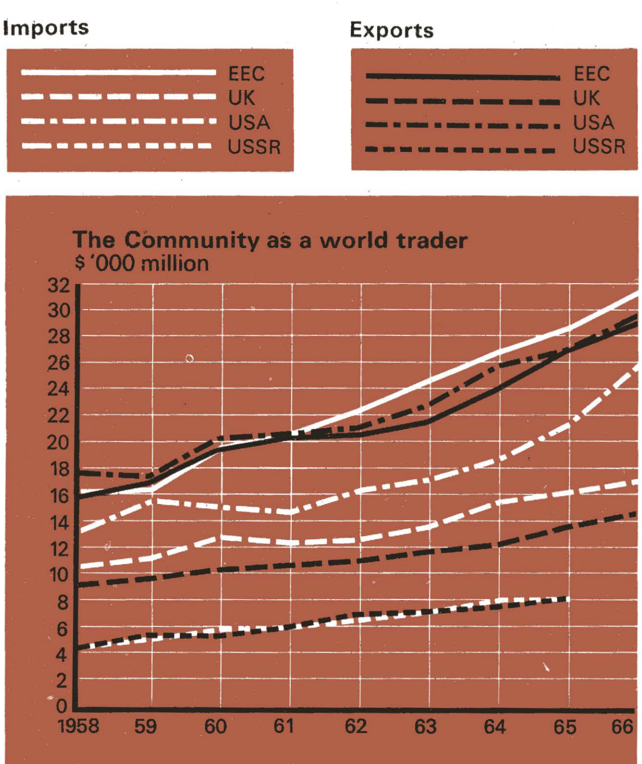
Trade

Trade between the member countries of the Community has increased spectacularly since 1958, spurred on by the gradual reduction in intra-Community tariffs. In 1958 the six countries sold to each other goods worth \$6,800 million; in 1966, their mutual trade was valued at \$23,200 million, or nearly 3½ times as much. Community consumers – the housewife as well as the manufacturer buying industrial plant – can now choose from a greater range of products. Keener competition has led to better design and value and has held down prices. In the shops, the impact of the Common Market has been seen most clearly in a number of consumers' durable goods – motor cars, and refrigerators and other household appliances.

The expansion in internal trade has not brought any slackening in the growth of the Community's trade with the rest of the world. The Community remains the world's largest trading unit. In 1966, it imported goods from the rest of the world worth \$30,700 million, or nearly twice as much (+90%) as in 1958 (\$16,200 million). Its own exports reached \$29,400 million in 1966 – 84% more than in 1958 (\$15,900 million). Over the same period US imports rose by 92% to \$25,400 million and exports by 68% to \$29,900 million. British imports went up by 59% to \$16,700 million and exports by 58% to \$14,700 million.

The USA and Britain are the Community's main customers. In 1966, the Community took US goods worth \$6,020 million – over one fifth of all US exports and double the 1958 value. The USA have a large surplus – some \$2,000 million – on their trade with the Community. Britain's exports to the Community in 1966 at \$2,800 million were 135% greater than in 1958, and her imports at \$2,540 million were nearly double their 1958 level.

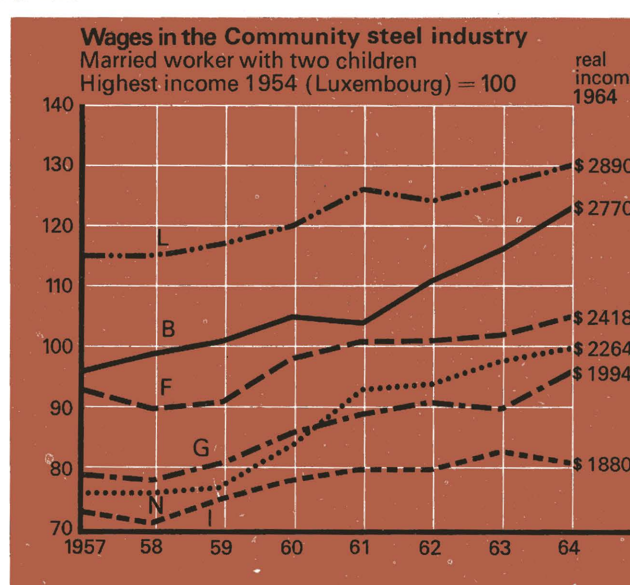
The Community is also of vital importance as a market for the developing countries. In 1966, it bought from Africa, Latin America and Asia (less Japan and the Communist states) goods worth \$11,300 million and sold to them \$8,000 million worth.



Manpower

Since 1958 average wage rates in the Community have risen fast – with the increase in the hourly average in industry ranging from 45% in Belgium to 81% in Germany. Although rising prices have pared down the real value of these increases, the average German worker in industry has seen his gross wages increase in purchasing power by some 50% over these years. In Italy and Luxembourg the comparable increase in real wages has been 25%; in the Netherlands 40%, in Belgium 30% and in France 35%. Comparable real wage increases over the same period have been 14% in Britain and 12% in the USA. The rapid rise in Community workers' living standards can be measured also in the increases in the number of cars, television sets and telephones they own, and in better housing.

As industry has boomed, the demand for manpower has expanded and unemployment has almost disappeared, except in Southern Italy. At the end of 1957, there were 2·6 million unemployed in the Six (3·7% of the work force) against 2·9 million in the USA (6·6%) and 329,000 in Britain (1%). At the end of April 1967, Community workless numbered 1·1 million (1·4%), against 2·7 million (3·7%) in the USA and 567,000 (2·4%) in Britain. Moreover, the Community's boom has attracted many thousands of workers from other countries; in 1965, 578,000 new work permits were issued in the Six to workers from other parts of Europe and from North Africa.



The first step – coal and steel

The European Coal and Steel Community (ECSC), set up in 1952, was the pioneer of European integration. It arose from the Schuman Plan inspired by Jean Monnet and put forward in May 1950 by the then French Foreign Minister, Robert Schuman. Monnet himself became the first President of the ECSC High Authority.

The ECSC established the first European common market by abolishing price and transport discrimination, and eliminating customs duties, quota restrictions and other trade barriers across the 1,700 miles of land-frontier within the six-nation area. To ensure fair competition, it enforced the first European anti-trust policy.

The activities of the ECSC are financed by a direct levy on the value of coal and steel production in the Community. The rate of levy is fixed by the European Commission in consultation with the European Parliament and at present stands at 0·3% of the value of producers' annual sales. However, with the merger of the three Community's Executives in July 1967 a ceiling of $18 million was imposed on this source of revenue.

Prior to the merger of the three Executives the ECSC was supervised by the High Authority of nine members. The High Authority was distinguished from the EEC and Euratom Commissions by its greater powers of independent decision. Its powers have now passed to the single Commission in respect of ECSC affairs.

Production and market conditions

Steel output doubles

From the start of the common market for coal and steel, the Community passed through a period of rapid growth. Steel output more than doubled from 42 million metric tons in 1952 to 85 million tons in 1966. The action of the former High Authority and the operation of the common market aided this development by bringing price stability, easing distribution of coal during the boom, providing new markets for iron-ore and steel through a more rational trade pattern, and stimulating competition. Since 1965, faced with the danger of excess supply, the High Authority and the single Commission have intervened to restrain over-production of steel and to limit additions to capacity.

Reorganization for coal

The coal industry, after expanding initially in conditions of acute shortage, found that a growing share of the energy market was being won by oil and other new sources of energy: in 1966 coal provided only 34% of total energy consumption, compared with 53% in 1960 and 73% in 1950. In this situation the Community's task is to ensure the orderly retreat of coal at a pace which avoids social or economic disruption. Uneconomic pits are being closed and others regrouped and modernized. Average productivity in the Community rose from 1·4 tons per manshift underground in 1953 to 2·6 tons in 1966.

Since coal output first began to fall in 1957, the number of workers employed in the Community's coal industry dropped by over 400,000 to 650,000 in 1966. The ECSC Treaty's retraining and re-employment provisions (see page 12) have greatly eased the impact of this major change; an amendment to the ECSC Treaty in March 1960 extended and widened the ECSC's powers to apply such measures. The Community is also promoting industrial redevelopment in the areas until now mainly dependent on coalmining for their livelihood. A plan for cutting back Belgian coal capacity by one third between 1960 and 1964 was carried out under High Authority supervision. In 1965 a High Authority decision authorized subsidies by member governments to ease the problems involved in mine closures and to speed up modernization. In February 1967 the Six agreed on a system of subsidies for coking coal to enable Community production to compete with imported supplies.

Anti-trust policy

The ECSC has direct powers to control restrictive trading practices. All company mergers in the coal and steel sector require the approval of the Commission, which is given only if the resulting unit will not hold a dominant position in its sector of the market; any firm or group which already has a dominant market position is subject to strict control. Cartels and other trade agreements are illegal unless explicitly authorized.

Industrial policy

The ECSC carries out an industrial policy for coal and steel by means of:

- short and long-term Community-wide forecasts for supply and demand
- investment guidance and coordination, notably through loans to firms
- joint research programs, aided by High Authority funds
- Community help for regional development.

The long-term forecasts, known as General Objectives, guide the coal and steel industries on production and investment needs, while "opinions" on investment projects, which firms are required to submit, guide individual firms.

This policy is helped by loans which the ECSC can raise on advantageous terms on the world's capital markets. From 1954 to September 1966 the ECSC raised nearly $650 million in such loans ($736 million if loan guarantees are included) and relent $580 million to part-finance new industrial projects worth in total more than twice this amount and representing well over 10% of all investment in coal and steel in the Community during this period.

The ECSC has also made grants totalling $50 million for 65 pure and applied research projects related to coal and steel production, full details of which are supplied to all interested bodies in the Community.

Lastly, the ECSC provides loans to help regional development in areas affected by decline or changes in the coal, steel or iron-ore industries. Up to end-1966 it had lent $30 million to help build new factories creating employment for 9,000 workers and has earmarked a further $56 million for this purpose from 1966 onwards. The transition from coal or steel to new industrial activities is further eased by aid in retraining and re-employing workers.

Social progress

Better living conditions

ECSC workers have benefited from higher real incomes (see page 10), improved housing, greater freedom to move within the Community, and special guarantees against unemployment.

Housing

Under the High Authority's housing programs some 100,000 homes have been or are being built for coal and steel workers and their families. Just over one third of the houses will be owned by their occupiers and the remainder are rented. Total cost of the seven programs effected to date is $945 million, towards which the ECSC has contributed $220 million in direct grants and loans. By December 31, 1966, 75,418 houses had been completed.

Free movement

The first European labour card, enabling skilled coal and steel workers to move freely within the Community, was issued on September 1, 1957. On December 7, 1957 an agreement on Social Security for Migrant Workers was concluded, and was subsequently extended by the EEC to all workers.

Readaptation (retraining and re-employment)

From 1955 to 1966 the High Authority approved readaptation projects involving 270,000 workers – including roughly 220,000 coal miners – and expenditure of $81 million. The governments concerned contributed a like sum. Readaptation initially eased the consequences of increased competition in the common market, and now ensures that the brunt of structural and technical change in the coal and steel industries is not borne by the workers. It is playing a major part in the long-term reorganization of the ECSC industries.

Readaptation provides:

- tiding-over allowances between jobs (maximum period two years; 90–100% of previous earnings for first four months)
- making up of pay in the new job to 100% of old wages (for up to two years)
- payment of removal and transfer costs
- free training for a new job.

Health, safety, social surveys

The High Authority allocated $26 million as grants for research into industrial medicine and safety. Work on such problems as silicosis, pneumoconiosis, industrial noise, air pollution, and rehabilitation after accidents has been coordinated throughout the Community and stimulated where necessary. The High Authority has also carried out surveys of real wages, household budgets, employment, labour mobility, and housing conditions, which have provided the first Community-wide comparative data on which trade unions and employers can base their studies and claims.

Towards full economic union

The European Economic Community (EEC) – often known as the Common Market – came into being on January 1, 1958, to extend, to the economy as a whole, principles similar to those of the ECSC.

Prior to the merger of July 1967, the EEC's executive body was the EEC Commission.

The Community owes much to the EEC Commission's first – and only – president, Walter Hallstein. One of the German negotiators and signatories of the Rome Treaty, he held office from January 1958 until the merger.

1. THE CUSTOMS UNION

By July 1, 1968, all customs duties and restrictions on trade in industrial goods within the Community will have been abolished – in $10\frac{1}{2}$ years instead of the 12 years (divided into three stages of four years each) originally planned in the Rome Treaty (see table). The removal of trade barriers brought far fewer difficulties than had been originally expected, and in fact provided the main stimulus to industrial expansion.

Common external tariff

From the same date, July 1, 1968, the six member countries will also apply a common external tariff to all imports from the rest of the world. National tariffs are being aligned on the common external tariff in three steps, the last of which will be taken on that date.

For most products the level of the common tariff was fixed at the arithmetical average of the tariffs applied on January 1, 1957, by Benelux, France, Germany and Italy; for some key products, however, it was fixed by negotiation between the Six. With the adoption of a common external tariff and the simultaneous removal of internal tariffs, the customs union of the six member countries will be complete.

The average incidence of the Community's common external tariff is lower than that of the British and American tariffs, whether applied to the Community, UK or US pattern of imports. Moreover, the six member countries anticipated world-wide tariff reductions to be negotiated in GATT (the General Agreement on Tariffs and Trade) by making the first alignments of the national tariffs towards the common external tariff on the basis of the latter's duties provisionally cut by 20%. On many products this concession was made permanent following tariff-cutting negotiations (the "Dillon Round") concluded in GATT in 1962; for many other products the cut was extended pending the outcome of the new GATT negotiations (the "Kennedy Round") which began in 1964.

Free movement

– of labour

At the end of the transition period legal freedom for Community workers to work anywhere in the Community will be introduced; for practical purposes it exists already. The first regulation to this end, issued in 1961, set up machinery to collate job vacancies and applications throughout the Six. Initially, priority was given to nationals of the countries where vacancies occurred, with other Community workers able to take up jobs which had not been filled after three weeks. Since May 1, 1964, all Community workers have had equal legal status in this respect, and they retain priority in filling vacancies over workers from non-member countries. In addition, a convention on social security for migrant workers has been in force since January 1, 1959. It enables workers and their families to retain social security rights when they move from one Community country to another. Since July 1966 all insured Community citizens who are in another Community country, whether for work, holiday or other reason, have been able to use medical services on the same terms as citizens of that country.

– of capital

All restrictions on capital movements from one member country to another are being gradually removed and are due to disappear entirely at the end of the transition period. A wide range of capital movements were unconditionally freed from control in May 1960, and other measures followed in 1962 to speed up the disappearance of such restrictions, especially those on the issue of securities in one Community country by companies registered in another.

If capital movements disturb the economies of member states, however, governments may take defensive measures, subject to authorization by the Commission and approval by the Council of Ministers (in an emergency these can be obtained after application of the measures the governments consider necessary).

– of services

The Common Market Treaty provides for **freedom of establishment** (of firms, branches, agencies, and individuals such as doctors, dentists, architects, etc.) and **freedom to supply services** (building, banking, insurance, wholesale and retail distribution, and the exercise of the liberal professions) anywhere in the Community by the end of the transition period. Directives issued by the Community in October 1961 laid down a detailed timetable for the removal of restrictions and the working out of equivalence of qualifications in the different branches of activity. The member states are not pledged to adopt identical legislation and regulations, but must ensure that nationals of other Community countries enjoy equal rights with their own citizens.

Common Market timetable for manufactured products

	Import quota increases		Reduction in internal tariffs[1]		Alignments towards the common external tariff	
Stage	original timetable	actual changes	original timetable	actual changes	original timetable	actual changes
1 (1958-61)	to 207%	Complete abolition	30%	40%	30%	30%
2 (1962-65)	to 249%		30%	40%	30%	30%
3 (1966-69)	Complete abolition		40%	Scheduled for mid-1967: 5% mid-1968: 15%	40%	Scheduled for mid-1968: 40%

1. Three internal tariff cuts of 10% had been scheduled during the first stage of the Common Market (1958-61 inclusive), on January 1, 1959, July 1, 1960 and December 31, 1961. In fact, another 10% cut was introduced on December 31, 1960, raising the total reduction from 30% to 40%. Similarly, during the second stage (1962-65 inclusive), the three 10% cuts scheduled on July 1, 1963, December 31, 1964 and December 31, 1965 were supplemented by another 10% cut on July 1, 1962, so that the total reduction made by the end of the second stage was 80%, against the 60% originally planned.

2. THE ECONOMIC UNION

The Common Market is not just a customs union; the Common Market Treaty contains provisions for steps which will eventually lead to full economic union. To achieve this, it stipulates that common rules be applied to ensure fair competition, and that common policies be put into effect for agriculture, transport and foreign trade. In addition, the Community has taken major steps towards common economic, monetary, regional and social policies, on which regular consultation already takes place between the member governments.

Fair competition

The Common Market Treaty bans agreements or concerted practices which prevent, restrain, or distort competition, and in particular price-fixing, market-sharing, restriction of production or technical developments, and discriminatory supply conditions, if they are likely to affect trade between the member states. (Agreements contributing to better production, distribution, or technical progress may, however, be authorized.) Abuse of a dominant market position is also banned.

A first directive to implement the Treaty rules was adopted on December 19, 1961; it makes the Treaty ban on agreements automatically operative in the absence of specific authorization, requires compulsory registration of agreements, allows the Commission to impose heavy penalties for infringements of the fair-competition rules, and gives it important powers of inspection and control. Since 1961 decisions by the Commission and the Court of Justice have begun to lay the basis of a case law whereby specific types of inter-company agreement are judged permissible or otherwise.

In addition, state subsidies are forbidden, although special aid for depressed areas and important projects of Community interest may be permitted.

Common policies

Agriculture

By July 1, 1968, the Community will have put into effect a common farm policy, centrally financed from a single fund. This policy involves:

- common marketing policies with free trade throughout the Community and common price levels for all major products
- a common policy for external trade, replacing the previous complex and widely-varying national structures of tariffs, quotas and minimum prices by a single Community system of variable import levies and minimum import prices and tariffs
- a common policy to raise the efficiency of Community farming.

Since 1962, the common agricultural policy has been introduced by stages, and it now covers over 90% of the Community's total farm output, including grains, rice, pigmeat, beef and veal, eggs and poultry, milk and dairy products, fruit and vegetables, wine, sugar, and vegetable fats and oils. Other products still to be brought under the common farm policy are tobacco, hops, flower-bulbs and fish. The common policy has been adapted to the particular requirements of the various product groups: in some cases (such as grains) it involves considerable market intervention; in others (such as wine) it is applied mainly through the enforcement of quality standards.

When the numerous basic regulations on the common agricultural policy have been adopted by the Council of Ministers, on the basis of Commission proposals, detailed implementation of policy is the task of the Commission. Price levels are reviewed annually by the Council, again acting on Commission proposals. For the different product groups, Management Committees advise the Commission on implementing the regulations.

The financing of the common farm policy is being gradually taken over by a central fund (European Agricultural Guidance and Guarantee Fund) during the period 1962–67. From July 1, 1967 onwards all expenditure on the common policy – which covers market support, refunds on exports, and modernization of production and distribution – is being undertaken jointly by the Community. On that date the single-market stage had been reached for grains, pigment, and eggs and poultry; olive oil, and most fruit and vegetables had reached this stage by the beginning of 1967.

The Fund's resources will be provided partly by the levies on agricultural imports, which are collected by the national governments, and partly by direct contributions from the national budgets. Since July 1, 1967, 90% of the levies is being handed over to the Fund. They are expected to cover some 45% of the Fund's expenditure till 1970; the remaining 55% is being borne by direct contributions from the national governments. After 1970, the total product of the levies must be paid into the Fund, together with any other resources (such as customs duties) still to be determined.

When the common agricultural policy is fully in operation, its costs are expected to amount to about $1,500 million a year, including $285 million for modernization under the Guidance Section of the Fund.

Transport

The Common Market Commission in 1961 drafted the basic principles of the common transport policy which, under the Treaty, must be adopted by the end of the transition period in 1970. In June 1965 the Council of Ministers agreed on the bases of the common policy for rail, road and inland-water transport, which will take effect in two three-year stages. For most types of transport upper and lower limits on haulage rates will be laid down and made public, while for other types of transport reference rates only will be published.

Rules to suppress discrimination came into force on July 1, 1961. They require transport rates and conditions to be notified to the Commission and are backed by powers for the Commission to inspect books and impose heavy fines against offenders. The Commission has also drawn up a development plan setting out the needs for the main traffic arteries (road, rail and inland waterways) in the Community, seen as a single economic unit.

External trade

The Rome Treaty provides for adoption by the end of the transition period of a common external-trade policy. By then, tariff negotiations, trade agreements and other aspects of foreign trade will be handled for the Community as a whole by the Commission, on instructions from the Council of Ministers.

In fact, the Commission has from the start conducted tariff negotiations – in the Dillon and Kennedy Rounds – on behalf of the Community, and negotiated trade agreements for the Community with Iran, Israel and the Lebanon.

As an initial step, each Community country agreed from July 1, 1961 to offer the other members the opportunity for consultation before concluding any new trade treaties with non-member countries, and not to sign any bilateral trade agreements extending beyond the transition period.

In July 1962, the Community adopted a program for implementing the common policy, which included an examination of existing trade agreements; gradual unification of trade-liberalization measures and quotas in single Community lists; common protection against dumping; and harmonization of export aids. In March 1964 the Commission submitted to the Council a series of concrete proposals, giving priority to reaching agreement on common policies on imports from Japan, trade with state-trading countries, and dumping and export subsidies practised by non-member countries. In May 1965 the Commission submitted to the Council a draft anti-dumping regulation. Pending Council decisions on the various proposals, the common external-trade policy is seriously behindhand.

Economic and financial policy

The Treaty binds the member states to consider their economic policy as a matter of common interest, and to consult regularly on joint action in this field; they are aided in this task by various committees (see page 6)

Current questions, and in particular short-term fluctuations in economic activity, are handled with the aid of the Short-term Economic Policy Committee (*Comité conjoncturel*). In April 1964 the Council of Ministers, acting on Commission proposals, made specific recommendations to the six governments to meet the threat of inflation. A year later it made further recommendations, urging a measure of reflation in some countries, notably through industrial investment. By July 1967 the emphasis had changed further, and the Council, again acting on Commission proposals, published new recommendations giving priority to measures to stimulate economic expansion, especially in Germany, France and Belgium.

For the longer term, the Commission adopted in April 1966 a first five-year program drawn up by the Medium-term Economic Policy Committee. This program does not set out quantitative production targets either for the individual member countries or for the Community as a whole, but lays down commonly agreed goals of economic growth and the general lines of policy needed in order to reach them and to bring about a fairer distribution of increasing prosperity between the regions and between the social classes. The program, which was approved by the Council in February 1967, is subject to annual revision in the light of developments.

In February 1967 the Six agreed to adopt throughout the Community the added-value system of taxation on companies' sales.

Should serious balance-of-payments difficulties threaten a member country, the Commission may recommend appropriate measures to its government and, if necessary, the granting of aid by the other Community members. In a sudden balance-of-payments crisis, a member government can apply immediate provisional safeguards, though these may be subsequently modified by the Council of Ministers.

For the specialized aspects of economic policy, the Community can draw on the advice of the Monetary, Budgetary-Policy and Central-Bank Governors' Committees.

Regional policy

The Rome Treaty stresses the need to bring living standards in less-favoured parts of the Community up towards the levels of the more prosperous areas. Regional problems occur in the Community in two main types of region: predominantly agricultural regions far from the main concentrations of population, and areas largely dependent on industries which have fallen into decline. The individual member governments are tackling these problems, but may find them intensified in the larger market of 180 million consumers.

The Common Market Commission in May 1965 published its first memorandum on regional policy, advocating priority for retraining the local work-force, improving local infrastructures (roads, utilities, etc.) and providing financial inducements to industry to set up works in underdeveloped regions. Community instruments for promoting regional development policies – which will continue to be mainly the responsibility of the member governments – are the European Social Fund, the European Investment Bank, and the social and economic redevelopment policies of the ECSC in areas producing coal, iron ore and steel (some of which have been particularly hard hit by industrial decline).

The European Investment Bank

With a capital of $1,000 million, the Bank aids investment in the Community's underdeveloped regions and helps finance modernization and new economic activities of general Community interest. By mid-1967 it had agreed to make loans totalling $813 million for projects within the Community, of which $357 million were for projects in Southern Italy.

Under the Association Agreements between the Community and Greece and Turkey the Bank is also to make investment loans of $125 million and $175 million respectively to these countries over five-year periods. By July 1967 the Bank had authorized loans totalling

$69 million to Greece and $92 million to Turkey.

With the signing in 1963 of the Yaoundé Convention the activities of the European Investment Bank were extended to the 18 associated states in Africa and Madagascar. The Bank is empowered to make investment loans totalling $64 million over the period 1964–69 in these countries. Loans to a total of $12 million had been agreed up to end-1966. Another $6 million was earmarked for loans for the development of the overseas departments and territories of the Six.

Social policy

The "upward harmonization" of living and working conditions is a fundamental principle of the Rome Treaty. The Treaty's two main instruments are the free movement of workers and the European Social Fund (see below). The former has been largely achieved. Workers who move from one Community country to another to take up a job they have been offered are entitled to full transferability of social security benefits, the right to settle permanently with their families, and the right to take part in trade-union activity. Complete equality of status for all Community workers in the filling of vacancies is due to be achieved by July 1, 1968.

In addition, the Community has adopted the general principles of a common policy for vocational training, particularly for young people.

The Commission has the task of promoting co-operation between the member states on subjects relating to employment, labour legislation and working conditions, social security, industrial health and safety, and trade-union rights. The principle of equal pay for men and women, embodied in the Treaty, has met with some obstacles in translation from principle to practice. The target date of end-1964 for equal pay was not fully met, but women's average earnings are now much nearer the average for men than they were in 1957.

Evidence of "upward harmonization" is also available in other fields. Average wages in industry in the six countries have moved closer together, and though wages in the countries with the lowest average levels – notably Italy and the Netherlands – have not caught up with the others, the gap is narrower than a decade ago. The disparity between low-wage occupations – such as farming – and the leading manufacturing industries has also been reduced.

The European Social Fund

Administered by the Commission, the European Social Fund aids employment and the mobility of workers within the Community. Like the ECSC readaptation fund, it helps finance vocational retraining, resettlement and other aids, in order to ensure the re-employment of workers who have to change their jobs. The Social Fund reimburses 50% of the expenditure undertaken by the member governments for these purposes. By the end of 1966 the Fund had paid out $40·4 million to help retrain and resettle 508,000 workers, of whom 310,000 were Italian, 103,000 German, 80,000 French and the remainder from the Benelux countries.

Early in 1965 the Commission proposed that the powers of the European Social Fund be extended to permit: retraining of workers actually still in work (and not just the unemployed); guaranteed income levels for laid-off workers until they find new employment; advance, rather than retrospective, payments towards the cost of retraining programs; and contributions to the financing of housing and social services for migrant workers.

Financing the Community

The general budget of the Common Market is at present financed by the member governments in the following proportions: France, Germany and Italy 28% each, Belgium and the Netherlands 7·9% each, Luxembourg 0·2%. (For the governments' contributions to farm-policy financing and the Social Fund, the proportions are somewhat different.) Following instructions given by the Council in December 1964 on the basis of Article 201 of the Rome Treaty, the Commission in March 1965 submitted proposals for these contributions to be replaced by independent resources – in particular the proceeds of the agricultural import levies and of industrial customs duties. (These proposals were presented by the Commission together with proposals for financing the common farm policy and for strengthening the budgetary powers of the European Parliament.) After a discussion in the Council on these proposals in June 1965, the French Government began a boycott of the Community Institutions which continued until January 1966.

The Council has still to decide on the disposal, after January 1, 1970, of the duties levied under the common external tariff – in particular, whether they will continue to be obtained by the country of destination (difficult in a customs union), retained by the country in which the port of entry is situated (in which case some form of redistribution would be necessary), or paid with the farm-policy levies into an autonomous Community budget which would be used to finance the whole of the Community's activities, including the common agricultural policy.

The Community and atomic energy

Euratom, the European Atomic Energy Community, was set up in 1958 to help develop a civil nuclear industry in Europe and thereby help raise living standards, which are closely linked to the level of energy consumption.

Prior to the merger of the three Executives in July 1967 Euratom was supervised by its own five-member Commission. The single European Commission now performs this role.

Electricity consumption in Western Europe, as in all industrialized countries, is rising rapidly. In the Community it is doubling every decade, and by 1980 at least four times as much electricity will be needed as in 1960. The role of atomic energy in producing electricity will also rise rapidly. In 1965 only 1% of all electricity generated was of nuclear origin; the proportion will be 3% in 1968 and in the range of 20–25% by 1980. Nuclear power stations coming into operation in 1968–70 will be competitive with conventional stations in many areas of the Community.

Euratom's role is to ensure that the Community undertakes the research necessary for the development of nuclear energy not only for power production, but also, through the use of radio-isotopes and radio-active sources, for agricultural, industrial and medical purposes.

Research and information

Euratom supplements and coordinates research undertaken in the Community, pools and disseminates scientific information, and promotes the training of scientists and technicians. For its first five-year research program (1958–62) the Commission had at its disposal $215 million; for the second five year program (1963–67) this sum was doubled, to $432 million. Euratom research takes place:

- in its own research centres:

  Ispra
  north of Milan, Italy, where work is at present concentrated on the fields of experiment opened up by the *ORGEL* heavy-water reactor;

  Geel
  Belgium – the Central Nuclear Measurements Bureau;

  Karlsruhe
  Germany – the European Transuranium Institute;

  Petten
  Holland, a general-purpose establishment.

- through "association contracts" under which Euratom and a partner organization in a member country jointly finance certain large-scale research projects, Euratom assigning scientific staff to joint teams. For instance, all fast-reactor and thermonuclear-fusion research in the Community is tied into the Euratom network of association contracts.
- by contracting specific assignments to national centres or firms. Altogether over 700 such contracts have been executed or are under way.
- by joining international projects such as the European Nuclear Energy Agency (ENEA) *Dragon* project at Winfrith, England.

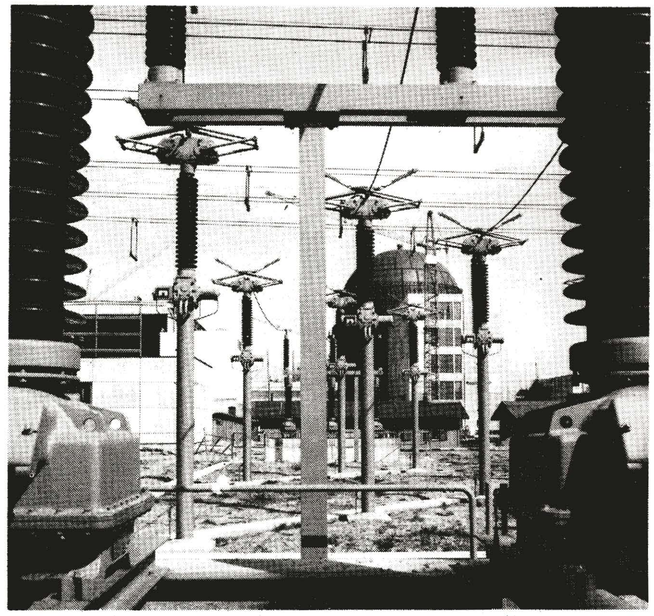
Euratom has organized a large Information and Documentation Centre and has worked out a Community policy on the ownership of patents resulting from Euratom research.

Atoms in industry

Euratom also encourages the development of the Community's nuclear industry. It has brought into being (since January 1, 1959) a common market for all nuclear materials and equipment, and a low or suspended common external tariff on imports of nuclear materials from non-member countries.

Euratom has:

- put into force a plan for the free movement of qualified atomic workers.



- drawn up with other European countries an insurance convention providing joint Community coverage – supplementary to that of OECD – for large-scale atomic risks.
- earmarked $32 million to help build power plants of special importance to the Community. The installations aided in return pass on to the Euratom Commission their constructional and operational experience, which will then be made available to all requiring it.
- granted "joint enterprise" status to three power-reactor projects; joint enterprises, which must be projects of outstanding importance to the Community, enjoy special fiscal and other privileges.
- set up a radio-isotope information bureau to provide information on the rapidly increasing uses of isotopes in industry.

Health

To safeguard both nuclear workers and the general population, Euratom has laid down Basic Standards for health protection which have been incorporated into the laws of the Community countries. These Basic Standards, which are among the most up-to-date and comprehensive in the world, are subject to continuous revision in the light of scientific advance. In addition, the Commission maintains a constant check on the level of radio-activity in the atmosphere, water and soil, on the basis of data regularly supplied by the six countries' control posts.

Security

Euratom is pledged to ensure that ores, raw materials and fissile matter are not diverted from their declared use. Enterprises submit to the Commission details of the equipment of their installations and regular returns on their stocks, transfers and transactions of materials. The Commission operates an international on-the-spot inspection system to check on the returns. Any enterprise breaking these regulations may be subjected to sanctions, but no significant contraventions have been detected up to now.

Finance

The financing of the research, investment, and supply budgets, as well as the operational expenses of Euratom, are currently met by the Community's member states, contributing in the same proportions as to the Common Market.

On from the merger

The merger of the three Communities' individual executives – the ECSC High Authority, the EEC and Euratom Commissions – and of the three Councils of Ministers is the first step towards the drawing up and signature by the Six of a single Community Treaty replacing the Paris and the two Rome Treaties.

The merger itself will offer marked benefits through the rationalization of administration and in facilitating the coordination of policies for some sectors hitherto divided between two or more of the former Executives.

Energy policy

Until the merger the ECSC High Authority was responsible for the coal sector, the Euratom Commission for nuclear energy, and the EEC Commission for oil and natural gas.

An inter-Executive working group was set up in 1958 to consider this problem, and in April 1964 the Six signed a Protocol of Agreement on Energy. This laid down the objectives of a common energy policy reconciling cheapness with security of supply.

The crucial question facing the Community is to decide how much energy should be supplied from domestic sources (mainly high-cost coal) and how much from imported fuels (mainly oil). With energy costs a vital basic factor in industry, a common energy market of the Six is essential to complete the Common Market.

In 1966, half of the Community's energy supplies was domestically produced, including a little more than one third provided by Community coal and lignite. The actual sources of all energy in 1966 and an ECSC forecast of the range of possibilities in 1980 are as follows (as percentages of all energy consumed):

	1966	1980
Coal (including imports)	34	9-18
Lignite	6	3
Oil	48	52-61
Natural gas	4	11-15
Nuclear and hydro-electricity	8	12-15

Industrial policy

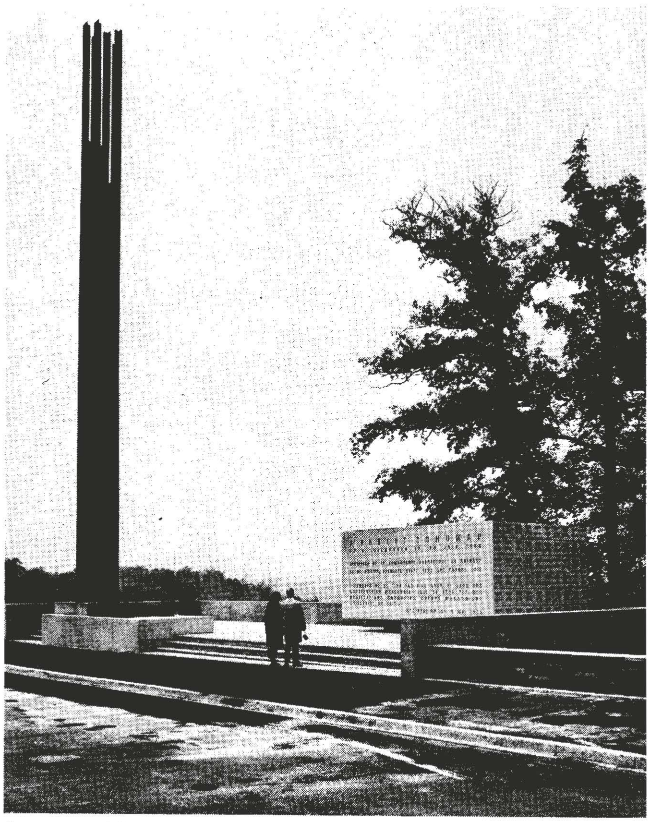
Increasingly, the Six have in recent years become aware of the need to modernize and streamline their industrial structures so as to adapt them to the needs of a single market of over 180 million consumers, and to the dynamism and efficiency of American competition. Essential to this aim is the formation of a Community-wide capital market capable of making adequate investment funds available where and when they are needed; the Segré report, drawn up for the EEC on this problem, is now being studied by the European Commission. Parallel with action on capital supplies, a "Community-law" company status is needed to permit companies to overcome the legal and other barriers which now hinder the growth of genuine Community companies able to compete effectively with giant US companies; the Commission has already submitted proposals to the Council on this problem. In addition, it has submitted to the Council a draft European Patent Convention and it is currently studying the overall extent and desirability of foreign investment in Community industry. Finally, the Commission is now examining the measures needed to harmonize technical specifications throughout the Six and to eliminate administrative and other barriers to completely free trade within the Community's borders.

In submitting the first five-year economic policy program to the Council, the Commission also stressed the need for more vigorous action by the Six in aiding industrial change and in retraining manpower for the demands of an increasingly technical society.

The challenge of technology

Closely linked with these problems are those of research and development, and in particular of the inadequacy of the efforts of the Six in scientific and technological innovation. Along with inflationary strains and regional imbalances, the EEC Commission considered this one of the three main weaknesses of the Community economy, as Robert Marjolin, Vice-President of the former EEC Commission told the European Parliament in October 1966. He urged the member governments to expand higher education, increase grants for research in universities, extend government financing of research and development projects, remove obstacles to mergers, and introduce policies encouraging research and development by industry. At Community level, he suggested, progress could be encouraged by the joint financing of selected projects, the pooling of government orders, the wider dissemination of scientific knowledge, and the free movement of research workers between the universities of the Six, in addition to the measures cited above to streamline the Community's industries.

Political union



Schuman Memorial, Luxembourg

Europe will not be built all at once, or through a single comprehensive plan. It will be built through concrete achievements, which will first create a *de facto* solidarity . . . These proposals will build the first solid foundations of the European Federation which is indispensable to the preservation of peace.

ROBERT SCHUMAN, *then French Foreign Minister, making the statement of May 9, 1950, which led to the setting up of the ECSC.*

Resolved to substitute for historic rivalries a fusion of their essential interests; to establish, by creating an economic community, the foundations of a broader and deeper community among peoples long divided by bloody conflicts; and to lay the bases of Institutions capable of guiding their future common destiny . . .

The ECSC Treaty, Paris, April 18, 1951.

Determined to establish the foundations of an ever closer union among the European peoples . . . Resolved to strengthen the safeguards of peace and freedom by combining their resources in a single unit, and calling upon the other peoples of Europe who share their ideal to join in their effort, have decided to create a European Economic Community.

The Common Market Treaty, Rome, March 25, 1957.

The statesmen who proposed and negotiated the three European Communities saw them as parallel roads towards the single objective of European unification laid down when the French Government proposed the first European Community for coal and steel in 1950. Although the Communities' field of action is economic, their founders' aims were essentially political, and are achieved in fields such as agricultural, economic and social policy, through political measures.

The Bonn Declaration

Yet the history to date of efforts to extend European unification to the fields of foreign policy and defence has been a chequered one, with the high point of agreement reached as far back as 1961 in the Bonn Declaration.

Negotiations opened between the Six following French soundings in the other five capitals in September 1960. Ten months later, on July 18, 1961 in Bonn, the German capital, the six Community countries published a Declaration in which they restated their determination to achieve the political union implicit in the Community treaties, to continue the work of the Communities, and to increase their cooperation until it became possible to formulate a common policy and to set up political institutions. To this end they decided:

1. To hold regular meetings of Heads of State or Government, to continue with regular meetings of Foreign Ministers, and to hold periodic meetings of the Ministers responsible for education, cultural matters and research;

2. To ask a Committee (initially known as the Fouchet Committee and later as the Cattani Committee, after its successive chairmen) to work out proposals for giving a statutory character to political union.

The Parliament's standpoint

The Six also decided at Bonn to study a European Parliament resolution of June 29, 1961, which urged political cooperation on condition that:

- the Community Executives participated in discussing any question concerning their own tasks;
- the existing Communities should be strengthened and their powers not encroached on;
- such cooperation furthered the direct election of the European Parliament and the merging of the Community Executives.

At the same time the Six decided to associate public opinion more closely with the work being done by inviting the European Parliament to extend the range of its debates.

Finally, in a Declaration on Cultural Cooperation, the Six envisaged setting up a council on cultural relations, and the negotiation of conventions on exchanges between Community universities, on the establishment of a European University in Florence, Italy, and on the setting up of European institutes for university teaching or scientific research, either by creating new bodies or by designating existing institutes or universities. Negotiations to implement the Bonn Declaration took place in the autumn of 1961 and early 1962 in the Fouchet and Cattani Committees, largely on the basis of two French draft projects known as "Fouchet I" and "Fouchet II". The negotiations failed, however, although by February 1962 a wide measure of agreement seemed to have been reached.

Fundamental divergence

The failure was due to a fundamental divergence of opinion over the form political union was to take. While the French Government viewed political union as an association of sovereign nations in which decisions would be subject to the veto of individual governments, the other Community governments, generally speaking, wished to ensure its future development towards a more closely integrated or "Community" type of union, with a strong executive similar to those of the existing Communities and a degree of democratic control through the European Parliament. Other points at issue were the relationship between the Institutions of political union and the existing Community Institutions, the rules for admitting new members (Britain's Conservative Government at the time, and after October 1964 the Labour Government, both repeatedly proclaimed their interest in any move by the Six towards political union), and the relationship between arrangements on defence and security between the Six, on the one hand, and existing NATO commitments on the other.

By the spring of 1962, only two major problems remained:

1. the question of inserting into the treaty of political union a provision for its eventual revision;

2. the question of eventual British participation.

No agreement was reached on these issues when the six Foreign Ministers met in Paris on April 16, 1962. Subsequently, Belgian, German and Italian statesmen made various attempts, through bilateral and other contacts, to relaunch the talks on political union. They met with no success, although all six governments frequently stressed their desire to move as rapidly as possible towards a closer union of the European peoples. However, meeting in Rome on May 29–30, 1967, to mark the tenth anniversary of the signing of EEC and Euratom Treaties, the President of France and the other five countries' Heads of Government agreed "to consider the possibilities for gradually tightening their political links through the methods and procedures suggested by experience and circumstances", and to hold a second such meeting, "probably later in 1967".

The Community and the world

The European Community has, since its beginnings in the early 1950s, made a sharp impact on European and world affairs. Its significance for Europe can be judged from the number of other countries which have requested membership or association; its influence in the rest of the world is evident from the growing list of African and other countries which have achieved or are seeking association. In addition, its economic strength and its position as a world trading power have been major factors in stimulating a worldwide move towards liberal, expansionary trading policies.

To facilitate their relations with the Community, 73 countries* had accredited ambassadors to one or more of the three Communities by mid-1967.

So far, the Communities' links with other countries have taken several forms:

- full membership, open to European states
- association of European countries, usually regarded as a step to eventual full membership
- association of developing countries overseas (18 of these are covered by the Yaoundé Convention)
- trade agreements.

Membership requires a unanimous decision by the Council to negotiate, followed by unanimous approval and ratification of conditions of entry by the member countries. Association requires a unanimous decision by the Council. Trade agreements can be approved by weighted majority vote in the Council.

Membership

No European country apart from the six founder countries has yet achieved Community membership. In July-August 1961 the United Kingdom, Denmark and the Irish Republic sought membership. Norway followed suit in April 1962. Formal negotiations with the first two countries and preliminary meetings with the other two took place until January 1963.

On May 11, 1967, the United Kingdom and Denmark submitted formal applications for membership, and the Irish Republic resubmitted its earlier application. On July 24, Norway also submitted an application.

In the 1961–63 negotiations for British membership three main problems emerged: Britain's economic links with other Commonwealth members (especially those which relied heavily on the British market for sale of foodstuffs); a satisfactory solution for Britain's partners in the European Free Trade Association; and satisfactory conditions for British agriculture. Negotiations began in October 1961 and, over the next 15 months, resulted in draft solutions on many points. However, on January 14, 1963, President de Gaulle, speaking at a press conference, expressed doubts about Britain's readiness for Community membership. Subsequently, the French Government made it clear that it would take no further part in the negotiations, which were then suspended despite the protests of the other five member countries. Negotiations with Denmark and talks with Norway and Ireland were also suspended.

*Algeria, Argentina, Australia, Austria, Brazil, Burundi, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Kinshasa), Costa Rica, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Finland, Gabon, Greece, Guatemala, Haiti, Iceland, India, Iran, Ireland, Israel, Ivory Coast, Japan, Kenya, Korea, Lebanon, Liberia, Madagascar, Mali, Mauritania, Mexico, Morocco, New Zealand, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Portugal, Rwanda, Saudi Arabia, Senegal, Somalia, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, United Arab Republic, United Kingdom, United States of America, Upper Volta, Uruguay, Venezuela.

Association agreements

Under the Rome Treaty association with the Community is open to all countries. However, the Treaty does not prescribe any precise forms for association, and the Community has dealt with each application pragmatically.

Greece and Turkey

The first association agreement was signed with Greece on October 9, 1961 and came into force on November 1, 1962. It is based on the formula of a customs union and envisages eventual membership for Greece. Over a transition period of 12 years, extended to 22 years for certain Greek imports from the Six, customs duties and quota restrictions between Greece and the Community will gradually be abolished and Greece will adopt the Community's common external tariff. Provision is made for free movement of persons, capital and services, along the lines of the Common Market Treaty, and commercial, agricultural, economic and transport policies will be coordinated. Finally the Community grants Greece credits of up to $125 million over five years for the development of her economy; loans of $53 million had been approved by the end of 1966.

The Community's second association agreement, with Turkey, was signed on September 12, 1963 and came into force on December 1, 1964. This agreement envisages economic union between the two partners, reached in three stages: a five-year preparatory stage (which can if necessary be extended to nine years), a 12-year transition period in which a customs union will be achieved, and a final period when the customs union will develop towards full economic union. By then, it is expected that Turkey will be strong enough economically to apply for membership of the Community. During the preparatory period, the Community is helping to strengthen the Turkish economy by granting duty-free quotas for tobacco, raisins, dried figs, and nuts, which together account for some 40% of Turkey's export trade. The Community is also, through the European Investment Bank, granting Turkey loans totalling $175 million to help finance economic development projects; two years after the agreement had come into force, loans had been approved to a total of $67 million.

Each agreement sets up a separate institutional framework. In each case an Association Council, comprising representatives of the Community governments and of the Commission on the one hand, and of the associated country on the other, supervises the implementation of the agreements. Parliamentary committees, comprising members of the European Parliament on the one hand, and the Greek and Turkish Parliaments respectively on the other, meet regularly to debate the progress of the associations and other matters of common interest.

Other European applications

Following the start of the negotiations for British membership three EFTA countries – Austria, Sweden and Switzerland – sought association, as did Spain and later Cyprus, while Portugal (also an EFTA member) requested negotiations for closer cooperation with the Community.

After the suspension of the British negotiations in January, 1963, no further action was taken on the Swiss, Swedish or Cypriot requests for association (nor on the Portuguese request for cooperation). In March 1963 Austria, which does a major part of its trade with the Community, asked for resumption of the association negotiations; formal negotiations began in March 1965 and have since continued.

After Spain's first request for association in February 1962 no official contacts took place until February 1964, when the Spanish Government renewed its request for talks. Preliminary talks took place in November 1964 and in June 1966. In April 1967 the Council of Ministers agreed to open negotiations with Spain on a two-stage preferential-trading agreement but with no prior commitment on automatic progress from the six-year first stage to a second stage.

North Africa and Israel

When the Rome Treaty was signed, Algeria was administratively part of metropolitan France. Tunisia and Morocco, which had recently become independent, retained preferential tariff treatment in their exports to France. A protocol to the Treaty allowed this special position *vis-à-vis* France to be maintained. Algeria, which became independent in 1962, continued to benefit until 1966 from tariff cuts made on trade between the members of the Community.

At the end of 1963 all three countries asked for exploratory talks with the Community on future economic relations, with a view to establishing some kind of free trade area. Formal negotiations with Tunisia and Morocco began in July 1966. Later that year the Commission proposed to the Council that negotiations with Algeria begin.

In the autumn of 1966, Israel, which has a trade agreement with the Community, requested that negotiations take place with a view to association with the Community.

African associated states

The Yaoundé Convention

The Rome Treaty provided for links between the European Community and the colonies and other dependencies in Africa and elsewhere of France, Belgium, the Netherlands and Italy. This Association was embodied in a five-year convention which ran from 1958 to 1962. Within three years of the coming into effect of the Treaty, however, many of the countries in Africa had achieved independence, and the Community offered to renegotiate the Association on a footing of equality. All the countries concerned except Guinea accepted the offer.

The outcome was the Yaoundé Convention which was signed on July 20, 1963 and is effective for the period from June 1, 1964 to May 31, 1969. The 18 signatory states in Africa and Madagascar (in alphabetical order, with population in millions) are:

Burundi (2·2)	Madagascar (6·4)
Cameroon (4·6)	Mali (4·4)
Central African Republic (2·1)	Mauritania (1·0)
Chad (3·3)	Niger (3·1)
Congo-Brazzaville (0·9)	Rwanda (3·1)
Congo-Kinshasa[1] (13·9)	Senegal (3·4)
Dahomey (2·2)	Somalia (3·0)
Gabon (0·4)	Togo (1·6)
Ivory Coast (3·8)	Upper Volta (4·9)

[1]Formerly Congo-Leopoldville

The Convention provides for:

- the gradual formation of a free-trade area between the Community and each of the Eighteen
- the provision over a five-year period of $730 million in grants and loans for social and economic development in the Eighteen, particularly for economic diversification and industrialization.

Free trade

All the products of the associated states will enter the Community duty-free by July 1, 1968; the associated states, in return, have been reducing their tariffs on imports from the Community by 15% a year and are abolishing quota restrictions by 1967. However, the associated states are still able to impose or maintain duties on goods from the Six in order to protect their infant industries.

Development aid

The Community in 1958 set up a European Development Fund (EDF) of $581 million to make non-repayable grants for the period 1958–63 to further social and economic development in the Eighteen. This was in addition to direct bilateral aid from individual Community countries. For the 1964–69 period, under the Yaoundé Convention, the aid provided through the Fund was increased to $730 million (with another $70 million for other territories still linked to the European members). Of the amount given to the Eighteen, $620 million will be in the form of grants and the remaining $110 million in the form of loans (including $46 million at special low interest rates). By June 1967, $424 million had been earmarked for specific projects.

These funds are being used not only to provide basic economic services (roads, water supplies, harbours, etc.) and social needs (schools, hospitals and medical services. but also to promote industrialization in the 18 countries and, in particular, to diversify their agricultural production and improve its levels of efficiency, so that their exports can compete more effectively on world markets.

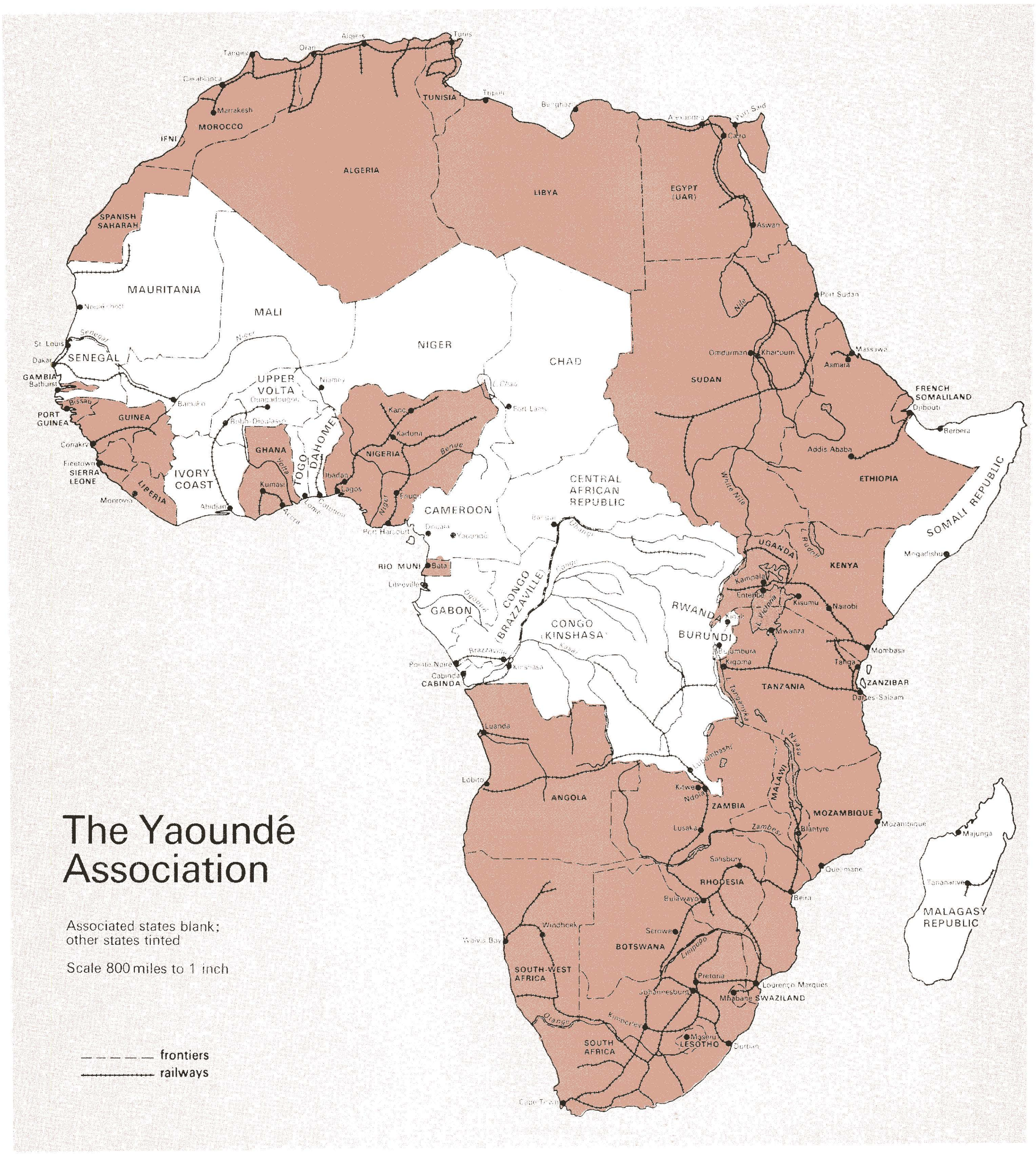
In addition to their joint contribution to the development of the 18 African associated states through the EDF, the six Community countries contribute individually to the progress of the developing countries in general – indeed, in much greater amounts than through their joint action. According to the OECD – Organization for Economic Cooperation and Development – the total capital outflow from the Community countries to developing countries in 1965 was $2,738 million, compared with $923 million from the UK and $5,514 million from the US. This included non-repayable official grants of $949 million, against $260 million from the UK and $2,300 million from the USA, and government-to-government loans of another $424 million, compared with $168 million from the UK and $1,163 million from the USA.

Institutions of the Association

The institutional framework of the Yaoundé Convention is based on the principle of absolute equality between the 24 signatory states. Both sides have equal rights in supervising its implementation and have equal representation on the various Institutions. These are:

The Association Council

consisting of a minister from each of the associated states and each of the six Community countries, and of the members of the Commission.



The Yaoundé Association

Associated states blank; other states tinted

Scale 800 miles to 1 inch

– – – – – frontiers

-+-+-+-+- railways

The Association Committee

comprising one representative of each of the 24 countries, which conducts the day-to-day business of the Association.

The Parliamentary Conference

which, meeting annually, is made up of 108 members of parliament, half of them from the 18 associated states and half from the European Parliament.

An Arbitration Court

consisting of a president and two European and two African judges, which can be appointed to settle any disputes which may arise.

Nigeria and East Africa

Shortly before signing the Yaoundé Convention, the Community countries issued a Declaration of Intent to the effect that countries with economic structures and patterns of production similar to those of the 18 African signatories might also become linked with the Community in one of three ways: by adhering to the Convention itself; by a special association agreement; or by a trade agreement.

In 1963 Nigeria took advantage of this offer and applied for a special association, and in July 1966 in Lagos signed an association agreement with the Community. It gives free entry to Community markets to all Nigerian products except four – peanut oil, palm oil, cocoa beans and plywood – for which the Community grants duty-free quotas rising each year. In return, Nigeria is to grant preferences on 26 Community products; she is allowed, however, to maintain certain restrictions on imports of Community goods in the light of her industrialization and budgetary needs.

Nigeria did not request and will not receive development aid from the Community.

An Association Council will meet at least once a year at ministerial level, and more frequently at ambassadorial level; permanent contact will be maintained by a secretariat drawn from both sides. The agreement envisages also closer contacts between Nigerian and Community parliamentarians.

Up to mid–1967 little progress had been made towards implementing the agreement; neither Nigeria nor any of the Six had ratified it.

The Community is negotiating also with the three Commonwealth East African countries, Kenya, Uganda and Tanzania, which requested a similar form of association.

Trade agreements

The Community has concluded trade agreements with two countries in the Middle East – **Israel** and **Iran** – and a trade and technical assistance agreement with a third, the **Lebanon.**

The trade agreement with Iran, signed on October 14, 1963 for three years and subsequently renewed, provides for temporary reductions on the Community tariffs on carpets, dried grapes, dried apricots, caviar and raisins.

That with Israel, signed on July 1, 1964, grants concessions on imports of 21 Israeli industrial and agricultural products into the Community. Both these agreements are non-discriminatory, and the cuts therefore apply to all Community imports of the goods concerned; they mainly benefit Iran and Israel, however. Israel had originally indicated her preference for association and in the autumn of 1966 formally requested new negotiations to this end.

Under the three-year, renewable agreement with the Lebanon, initialled on March 9, 1965, the Community countries and Lebanon grant each other most-favoured-nation treatment. The Community will increase and coordinate its technical assistance to the Lebanon, sending experts to that country or training Lebanese nationals in the Community.

ECSC and Euratom agreements

In addition to the trade agreements concluded by the EEC, the other two Communities also have important links with non-member states.

The ECSC on December 21, 1954 signed an Association Agreement with the United Kingdom. A Council of Association, which meets regularly at ministerial and committee level, seeks to lower trade barriers, promote joint consultation and coordinate action, particularly on long-term development and in times of boom and slump, on technical, scientific and health matters.

Euratom has agreements with the United States, the United Kingdom and Canada, on the supply of fissile materials and joint research and development programs, and cooperation agreements with Brazil and Argentina. Euratom also participates in two joint reactor projects sponsored by the European Nuclear Energy Agency of the OECD: the Norwegian heavy-water reactor at Halden, and the *Dragon* high-temperature, gas-cooled experimental reactor at Winfrith, England.

Liberal trade policies

From the start, when the ECSC harmonized the six countries' steel tariffs at rates roughly half the previous average level, the European Community has aimed at the most liberal trade and tariff policy compatible with its internal cohesion. Its common external tariff, which will be fully in force from July 1, 1968 onwards, is easily the most liberal – and also the simplest – customs tariff among those of the world's major trading powers. Moreover, the Community has shown itself ready to cut its duty rates, both unilaterally, to help developing countries, and reciprocally in worldwide negotiations in the General Agreement on Tariffs and Trade (GATT).

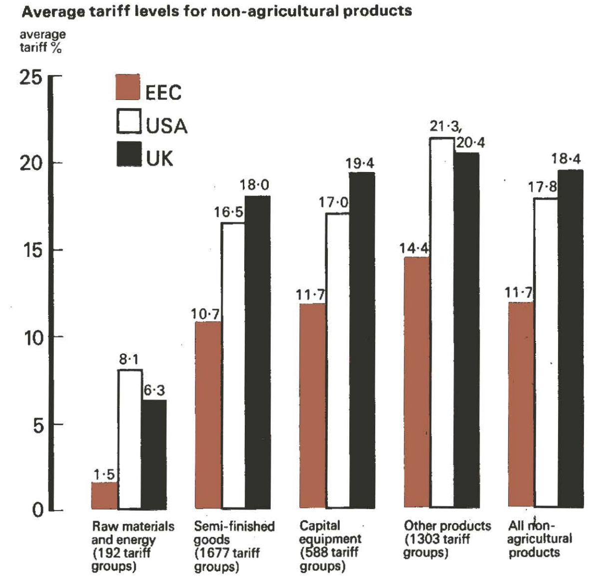
The Community's external tariff

The Community's common external tariff, after the Dillon Round but before the Kennedy Round, averaged 11·7% *ad valorem*, compared with 17·8% for the US tariff and 18·4% for the British tariff (see chart). Since its tariff levels are the averages of the earlier national tariffs, the Community tariff tends to be uniform: 13% of all Community duties are between 0% and 5%, and 80% of them are between 4% and 19%; in contrast with the other major industrial and trading areas, the Community has hardly any tariffs over 30%.

Since completing the common external tariff, the Community has made several unilateral cuts, without asking for reciprocal concessions, in duties on products vital to one or other of the developing countries (in particular India and the non-associated African countries). In 1963 it suspended entirely its duties on tea, maté and tropical hardwoods, reduced its duties on coffee and cocoa by 40% and on shellac, various spices and other tropical products by 15–20%. The cuts have benefited exporters of these commodities in all parts of the world.

The Community countries put forward proposals for increasing the earnings of the developing countries at the United Nations Conference on Trade and Development (UNCTAD) in 1964. The Community was represented at the conference not only by the member states' delegations but also by a joint delegation from the Council of Ministers and the Common Market Commission acting as observers.

The Community stressed the need to establish world commodity agreements, stabilize the prices of basic products, diversify the developing countries' economies, encourage regional customs unions and free-trade areas, and introduce greater flexibility in the most-favoured-nation rule in GATT in order to help developing countries increase their exports of manufactures and semi-manufactures.



Average tariff levels for non-agricultural products

In December 1966 the Common Market Commission submitted a memorandum on this problem to the Council of Ministers, making detailed suggestions for the granting of tariff and non-tariff preferences to developing countries.

Worldwide tariff cuts in GATT

The existence of the Common Market and the Community's moves towards adopting the common external tariff provided the main stimulus for the most substantial worldwide tariff cuts agreed on in this century. In May 1959 the US Administration proposed negotiations in GATT – the so-called Dillon negotiations, named after the then US Under-Secretary of State; the following November the Community proposed that these be followed by fresh negotiations aiming at further substantial tariff cuts.

Long negotiations, first to compensate for the withdrawal, through application of the Community's common external tariff, of some concessions previously granted by the Six to the other member countries of GATT, and then for the Dillon Round of cuts, were finally concluded on July 16, 1962. They brought tariff concessions on world trade totalling over $5,000 million.

The Community signed major tariff-cutting agreements with the United States, Britain, Switzerland, Australia and Canada. During the negotiations the Community participated for the first time as a unit in world-wide tariff negotiations.

Most of the tariff cuts granted by the Community were of 20%; others were smaller. The US Administration estimated that in its agreement with the Community it had obtained total new concessions on $2,500 million worth of American exports annually.

The Kennedy Round

The Dillon Round had brought significant cuts in individual tariff rates (but resulting in an average reduction of tariffs of only 7% to 11%). The Kennedy Round agreement of May 15, 1967, applying across-the-board cuts for the first time, will lead to a massive general reduction of between 35% and 40% in import duties on industrial goods. The new agreement will cut duties on goods in which world trade is estimated at $40,000 million a year.

Following up the Community's proposal of November 1959 for a further round of cuts, the US Administration in the summer of 1962 obtained from Congress, in the Trade Expansion Act, the most sweeping powers it had ever had to cut American tariffs. In his message to Congress accompanying the Bill, the late President Kennedy made it clear that the main impetus behind the Bill had been the need to negotiate mutual tariff concessions with the European Community.

The Act authorized the US Administration to reduce existing tariffs by up to 50% over the next five years in reciprocal negotiations and to reduce or eliminate restrictions in imports of tropical products from less-developed countries, provided that the Common Market did the same.

The Kennedy Round negotiations began on May 4, 1964, after a year's preliminary talks. They aimed at a substantial cut in industrial tariffs (the figure of 50% was taken as a working hypothesis); the reduction of non-tariff barriers to trade in general; and measures to facilitate trade in agricultural products. The 49 countries taking part (counting the Six as one unit) account for 80% of world trade.

After three years of difficult negotiation the countries taking part in the Kennedy Round agreed to make at least a 50% cut in tariffs on most dutiable industrial products, and smaller cuts on many more. They also agreed to raise the minimum wheat price by 21½ cents to $1·73 a bushel, and to grant 4·5 million tons of grain each year to developing countries faced with food shortage.

In the industrial sector, the average tariff reduction agreed was over one third of current rates of duty, to be introduced over a five-year period starting in mid-1968. Among the products subject to the full 50% cut were motor-cars, tyres, washing machines, typewriters, tape recorders, and lingerie. The total of $40,000 million a year of trade covered by the agreement was equivalent to about one quarter of all free-world trade.

The effect of these tariff cuts should be to reduce the average Community rate of duty on manufactured goods to some 8% *ad valorem* with the British and US tariffs falling to an average of about 12%.

A world agreement on anti-dumping measures was also concluded during the negotiations.

Most of the trading countries taking part in the Kennedy Round had submitted in November 1965 "exception lists" – goods on which they were unwilling to see tariffs reduced at all or by the full 50%. In the final agreement, the number of exceptions was appreciably smaller than had been thought likely at one stage.

On the agricultural side, the Community put forward early in 1964 a basic plan for a system of discipline in world agricultural trade. Instead of commitments being accepted by the importing countries only, all countries would bind (i.e. commit themselves not to increase) the support they give to their farmers, whether by subsidies or by protection against imports, in order to prevent any increase in the degree of self sufficiency already achieved; any production above this level would be kept out of commercial channels.

There was less general satisfaction with the results on the agricultural side of the Kennedy Round; the European Commission interpreted the outcome as an initial recognition of the need for further action in this field. The Community's proposal for binding current support levels was not accepted, nor was firm agreement reached on drawing up international agreements to stabilize the prices of grains and other products subject to wide price fluctuations on world markets.

However, the supply of 4·5 million tons of grain (or the monetary equivalent) each year to aid developing countries was considered a step towards meeting the needs of the poorer countries without dislocating world grain markets. This food-aid program, which will cost at least $285 million a year, will be financed 42% by the USA, 23% by the Community, 5% by Britain, and as to the rest by other countries.

The governments of the developing countries criticized the failure of the industrialized countries to remove all tariffs on imports of basic commodities, raw materials and other products of particular importance to their export trade.

A brief chronology

1946	September 19	Winston Churchill, in Zurich, urges Franco-German reconciliation within "a kind of United States of Europe".
1947	June 5	General Marshall proposes American aid to stimulate recovery in Europe.
	October 29	Creation of Benelux – economic union of Belgium, Luxembourg and the Netherlands.
1948	April 16	Convention for European Economic Cooperation signed – the birth of OEEC.
1949	May 5	Statute of the Council of Europe signed.
1950	May 9	Robert Schuman makes his historic proposal to place French and German coal and steel under a common Authority.
1951	April 18	The Treaty setting up the European Coal and Steel Community (ECSC) is signed in Paris.
1952	August 10	ECSC High Authority starts work in Luxembourg under its first president, Jean Monnet.
	September 10	ECSC Common Assembly holds its first session in Strasbourg, and elects Paul-Henri Spaak as its first president.
1953	February 10	ECSC common market for coal, iron ore, and scrap is opened.
	May 1	Opening of the ECSC common market for steel.
1954	December 21	An association agreement between United Kingdom and ECSC is signed.
1955	June 1–3	Messina Conference: the Foreign Ministers of the Community's member states propose further steps towards full integration in Europe.
1957	March 25	Signature of the Rome Treaties setting up the Common Market and Euratom.
1958	January 1	The Rome Treaties come into force: the Common Market and Euratom are set up.
	February 9	ECSC transition period ends – full operation of common market for coal and steel.
	March 19–21	First session of the European Parliament – Robert Schuman elected president.
1959	January 1	First tariff reductions and quota enlargements in the Common Market. Establishment of common market for nuclear materials.
	November 20	European Free Trade Association convention signed between Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom.
1960	May 10–12	Community decides to speed up its timetable for implementing the Common Market.
1961	July 9	Greece signs association agreement with EEC (entry into force November 1, 1962).
	July 18	The six Community countries issue Bonn Declaration aiming at political union.
	August 1	The Republic of Ireland applies for membership of the Common Market.
	August 10	Great Britain and Denmark request negotiations aiming at membership of the Common Market.
	November 8	Negotiations with Great Britain open in Brussels.
	December 15	The three neutrals, Austria, Sweden and Switzerland, apply for association with the Common Market.
1962	January 14	Community fixes basic features of common agricultural policy, and regulations for grains, pigmeat, eggs and poultry, fruit and vegetables, and wine.
	February 9	Spain applies for association with the Common Market.
	March 2, 5	Great Britain applies for membership of the ECSC and Euratom.
	April 30	Norway requests negotiations for membership of the Common Market.
	May 15	Community decides on second speeding-up of Common Market timetable.
	July 16	Conclusion of 1960–62 negotiations for worldwide tariff cuts in GATT; Community substantially reduces common external tariff.
	July 30	First regulations implementing the common agricultural policy come into effect.
1963	January 14	President de Gaulle declares that Britain is not ready for Community membership.
	January 22	Franco-German Treaty of Cooperation signed in Paris.
	January 29	British negotiations with Six broken off.

	July 1	Signature of Yaoundé Convention, associating 18 independent states in Africa and Madagascar with the Community for five years from June 1, 1964.
	September 12	Turkey signs association agreement with Community (entry into force December 1, 1964).
	December 23	Common farm-policy regulations for rice, beef and dairy products agreed.
1964	April 14	Council of Ministers accepts Commission's proposals for fighting inflationary trends in Community.
	May 4	Kennedy Round negotiations open in Geneva.
	September 23	Common Market Commission bans Grundig-Consten exclusive-sales agreement as contravening monopoly rules.
	November 1	Common policy regulations for beef, dairy products and rice come into effect.
	December 9	First meeting of the Parliamentary Conference of members of European Parliament and parliamentarians from Yaoundé associated states.
	December 15	Council adopts the Mansholt Plan for common prices for grains.
1965	March 31	Common Market Commission proposes that, as from July 1, 1967, all Community countries' import duties and levies be paid into Community budget and that powers of European Parliament be increased.
	April 8	Six sign treaty merging the Community Executives.
	May 31	Common Market Commission publishes first memorandum proposing lines of Community policy for regional development.
	July 1	Council fails to reach agreement by agreed deadline on financing common farm policy; French boycott of Community Institutions begins seven-month-long crisis.
	July 26	Council meets and conducts business without French representative present.
1966	January 17	Six foreign ministers meet in Luxembourg without Commission present and agree to resume full Community activity.
	May 3	Common Market Commission publishes memorandum on legal means of forming "Community law" companies.
	May 11	Council agrees that on July 1, 1968 all tariffs on trade between the member states shall be removed and that the common external tariff shall come into effect, thus completing the Community's customs union. It agrees also on the completion of the common farm policy by the same date.
	July 13	European Court of Justice upholds principle of Commission's ban on Grundig-Consten exclusive-dealing agreement.
	July 16	Nigeria signs an association agreement with the Community.
	July 24	Common prices for beef, milk, sugar, rice, oilseeds and olive oil agreed by Council, enabling free trade in agricultural products by July 1, 1968.
1967	January-March	Mr. Wilson and Foreign Minister George Brown visit Rome, Paris, Brussels, Bonn, The Hague and Luxembourg and discuss possibility of British membership.
	February 8–9	Council of Ministers accepts first five year economic outline program and agrees to introduce in all six countries by 1970 a uniform system of added-value tax on company profits.
	March 25	Community celebrates tenth anniversary of signing in Rome of EEC and Euratom Treaties.
	May 10–11	Britain, Ireland and Denmark submit formal applications for membership of the Community.
	May 15	Kennedy Round negotiations end in agreement to make major cuts in industrial tariffs.
	May 29–30	Six hold summit meeting in Rome, agree to merge the Executives and Councils on July 1, to consider possibilities for closer political cooperation, and to put the new membership applications on the Council's agenda.
	July 1	Merger of Community Executives and Councils. Single Commission takes office under presidency of Jean Rey. Single market stage reached for grains, pigmeat and eggs and poultry. Intra-Community tariffs reduced by 5% to 15% of 1957 level.
	July 24	Norway submits application for Community membership.
	July 26	Sweden submits request to participate in the enlargement of the community on terms compatible with its continued neutrality.

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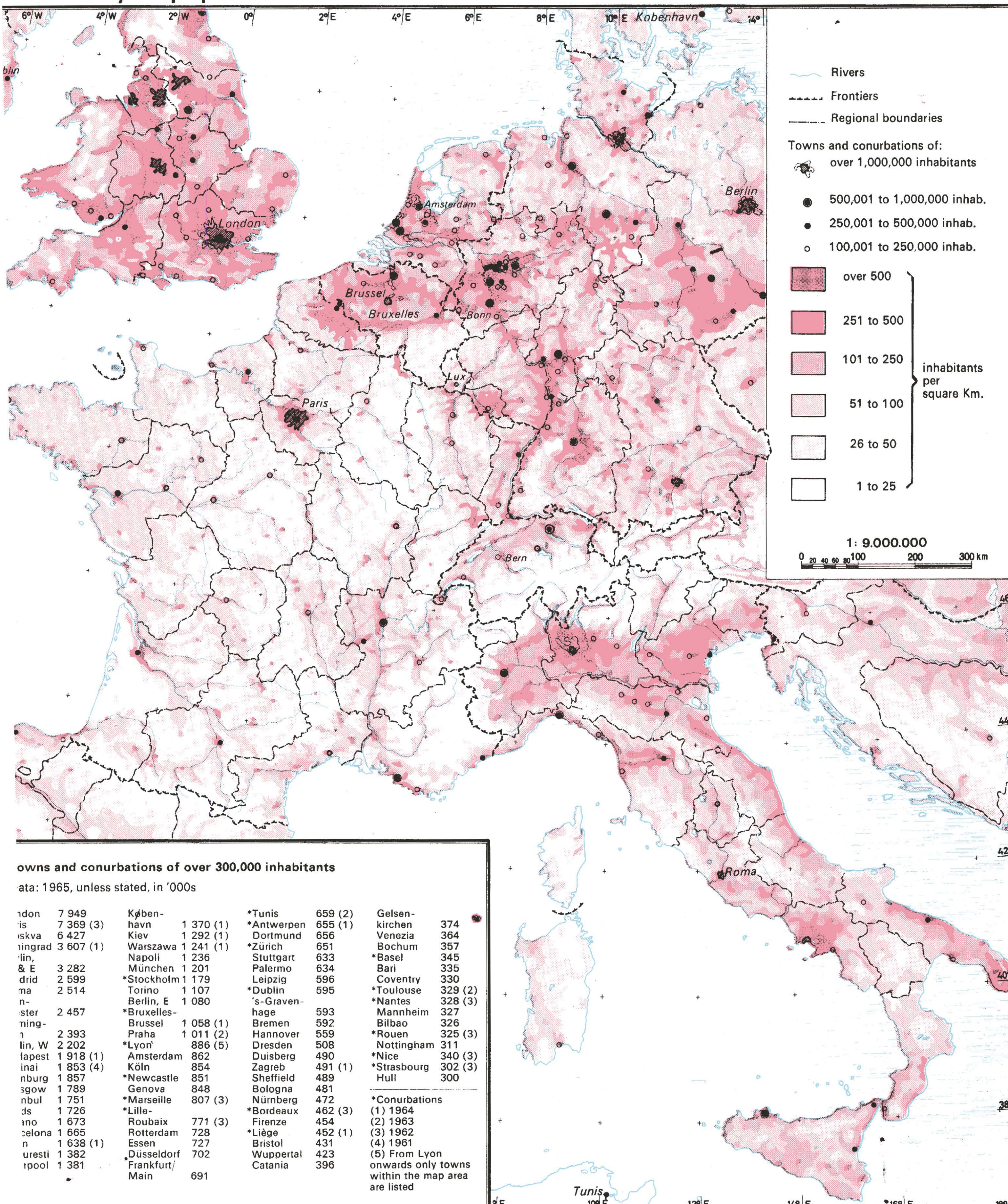
The European Community

Density of population



owns and conurbations of over 300,000 inhabitants

ata: 1965, unless stated, in '000s

ndon	7 949	København	1 370 (1)	*Tunis	659 (2)	Gelsenkirchen	374
is	7 369 (3)	Kiev	1 292 (1)	*Antwerpen	655 (1)	Venezia	364
skva	6 427	Warszawa	1 241 (1)	Dortmund	656	Bochum	357
ingrad	3 607 (1)	Napoli	1 236	*Zürich	651	*Basel	345
lin, & E	3 282	München	1 201	Stuttgart	633	Bari	335
drid	2 599	*Stockholm	1 179	Palermo	634	Coventry	330
ma	2 514	Torino	1 107	Leipzig	596	*Toulouse	329 (2)
n-ster	2 457	Berlin, E	1 080	*Dublin	595	*Nantes	328 (3)
ming-n	2 393	*Bruxelles-Brussel	1 058 (1)	's-Gravenhage	593	Mannheim	327
lin, W	2 202	Praha	1 011 (2)	Bremen	592	Bilbao	326
lapest	1 918 (1)	*Lyon	886 (5)	Hannover	559	*Rouen	325 (3)
inai	1 853 (4)	Amsterdam	862	Dresden	508	Nottingham	311
nburg	1 857	Köln	854	Duisberg	490	*Nice	340 (3)
sgow	1 789	*Newcastle	851	Zagreb	491 (1)	*Strasbourg	302 (3)
nbul	1 751	Genova	848	Sheffield	489	Hull	300
ds	1 726	*Marseille	807 (3)	Bologna	481		
ino	1 673	*Lille-Roubaix	771 (3)	Nürnberg	472		
celona	1 665	Rotterdam	728	*Bordeaux	462 (3)		
n	1 638 (1)	Essen	727	Firenze	454		
uresti	1 382	Düsseldorf	702	*Liège	452 (1)		
rpool	1 381	Frankfurt/Main	691	Bristol	431		
				Wuppertal	423		
				Catania	396		

*Conurbations
(1) 1964
(2) 1963
(3) 1962
(4) 1961
(5) From Lyon onwards only towns within the map area are listed