EUROPEAN COMMUNITY
INFORMATION SERVICE
236 Southern Building, Washington 5, D.C.
telephone NAtional 8-5070

BACKGROUND INFORMATION
FOR IMMEDIATE RELEASE

January 19, 1962

COMMON MARKET · EURATOM · COAL & STEEL COMMUNITY

COMMON MARKET'S SECOND STAGE ADVANCES
BOTH ECONOMIC AND POLITICAL UNITY

WASHINGTON, D. C., Jan. 19 -- The European Economic Community (Common Market) has officially entered its second stage toward a full customs union, it was announced from EEC headquarters in Brussels.

Entry into the second four-year phase has been described by European officials as virtually the "point of no return" for the economic integration of the Community states -- France, the Federal Republic of Germany, Italy, Belgium, the Netherlands and Luxembourg.

The Rome Treaty, which founded the four-year-old Common Market, provides that the economic integration of the member states will be further intensified in the second stage. The eventual goal after a third and final stage will be a single European economy.

A further acceleration of tariff reduction on goods moving among the six states is now possible. Internal industrial tariffs so far have been reduced 40 per cent from pre-Common Market levels. Duties on agricultural products have been reduced 30 to 35 per cent.

Now an additional reduction of 10 per cent in internal tariffs -- a speed-up not actually required by the Rome Treaty -- is being contemplated. The policy-approving Council of Ministers of the member states will meet to decide this issue in February. If approved, the additional 10 per cent reduction would apply to industrial products and may be extended to agricultural products moving among the member states.

The Common Market states are in the process of eliminating their internal tariff duties over a period of 12 to 15 years or sooner if decided by the six states. All quotas on internal trade in industrial products were abolished at the end of last year. Toward outside countries the Six are establishing a single tariff, based generally on the average of the previous external tariffs of the member states reduced by 20 per cent.

<u>Majority Voting</u>

Economic integration actually can go ahead faster in the second stage because of some significant changes in the voting procedure of the Council of Ministers.

Up to now, approval of most common economic programs for the Six has required a unanimous vote on the part of the member governments in the Council. In effect, each state possessed the veto.

The second stage brings voting by "qualified majority" increasingly into play. Under this system, states' votes will be weighted as follows: France, Germany and Italy, four votes each; Belgium and the Netherlands, two votes each; and Luxembourg, one vote; total, 17 votes.

Twelve of 17 votes will be required when the Council acts on a legislative proposal from the EEC Commission. When the Council is acting on its own initiative, a favorable vote by at least four states is required to enact a program into law. The effect of this latter provision is to prevent the three large states, with four votes each, from carrying a vote when the Commission has not formulated the legislation at issue.

Now the veto-free, qualified majority voting system can be used for the states to take actions tightening economic integration. These directives will lead to:

--<u>Complete freedom of establishment</u>: This means that Community persons or firms will be free to set up business anywhere in the Common Market without discrimination on the basis of nationality. The timetable for achieving complete freedom of establishment varies according to business or occupation.

--<u>Freedom to supply services anywhere within the Six nations</u>: These services include such as insurance, banking, financing and the liberal professions. National laws governing the supply of these services will be coordinated.

--<u>Common recognition among the Six of instruments of qualification such as diplomas, certificates and licenses</u>.

--<u>Elimination of remaining restrictions on the free movement of capital</u>: Most types of capital movement already have been freed in the Common Market.

Entry of the Common Market into its second stage actually dates from January 1, 1962. However, the decision was taken on January 14 and made retroactive to January 1. The Council of Ministers stopped the clock at midnight, December 31, to complete negotiations on a common agricultural policy.

- 0 -