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COMMON MARKET · EURATOM · COAL & STEEL COMMUNITY

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BACKGROUND PRESS INFORMATION

COMMON MARKET COMMISSION PRESENTS NEW 4-YEAR 'ACTION PROGRAM'

The Commission of the European Economic Community has drafted an "action program" to be followed during the second stage of the EEC's transition period toward achieving a full common market.

The four-year program was presented to the Council of Ministers and the Political Committee of the European Parliament in the form of a "Memorandum of the Commission" dated October 24. It is a lengthy document divided into 11 sections covering all major areas of the Community's development. Following are the highlights of the program which the Common Market will pursue if the Commission's proposals as set forth in the Memorandum are adopted.

POLITICAL UNITY

In the Memorandum's Introduction the Commission states that the economic integration of Western Europe is in essence a political phenomenon and that, "together with the European Coal and Steel Community and Euratom, the European Economic Community forms a political union embracing the economic and social spheres ... It follows that the Commission is bound to adopt an unreservedly positive attitude toward any extension of European unification to other fields than that of economic and social policy: notably defense, the non-economic aspects of foreign affairs and cultural policy -- in short, to whatever comes under the heading of 'political union'."

ECONOMIC POLICY

The Commission also says in the Introduction: "...It must be remembered that an economic order based on freedom can only exist in the world of today at the price of constant State intervention in economic life."

This thesis is elaborated in the Economic Policy chapter, which says that the Community will continue to make use of annual general economic forecasts, quarterly economic surveys, monthly business surveys, and other studies; in addition, it will act on a proposal to establish an annual economic forecast for each member country and will introduce more detailed surveys. With these instruments, the Commission proposes to expedite the preparation, approval and implementation of measures of

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economic programming with the ultimate aim of merging national policies into a Community economic policy.

The Commission intends to make proposals on Community economic programming, based on national forecasts and programs, to the Council before the middle of 1963.

The aim will be to establish such a program for the period 1964-68, or for a period agreed on by the representatives of the member governments. The program would outline the course that Community economic activity should follow, as far as possible, in terms of gross national product, factor incomes, private and public investment, and consumption at constant prices, among other measures; and it will take into consideration labor supply and demand and certain sector-by-sector studies of business activity.

MONETARY POLICY

The Memorandum states that, since the Treaty of Rome makes no provision for a common monetary policy, the Commission will make necessary proposals in this field.

The Commission proposes that a Council, composed of the governors of central banks in the Community, keep Community monetary problems that fall within the competence of central banks under constant review, and that such a Council eventually become the central organ of a federal-type banking system.

It also proposes that, for questions within the province of both the central banks and the governments, meetings be arranged under the auspices of the EEC Council, attended by the ministers of finance or economics of the Community countries and governors of the central banks.

These two groups could also meet separately or together in preliminary consultations to consider major monetary questions in the member states, such as decisions to be taken affecting the creation of money and changes in bank rates. This system could be organized by mid-1963, the Memorandum states.

The establishment of the proposed monetary union would become the objective during the third stage of the transition period. The Community ministers of finance or economics, meeting in the EEC Council, would decide on the conditions to be laid down: the total volume of the national budgets and of the Community budget, and the general conditions for financing them. Meanwhile the Commission suggests that the member states work out a common position regarding the present monetary system and any reforms that might be contemplated. Discussion of this has already begun in the Monetary Committee.

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TARIFFS AND LEVIES

The Commission, the Memorandum says, will propose the complete abolition of internal customs duties by January 1, 1967, if the economic situation continues to progress. At any rate, by the end of the second stage (end of 1965) the Community will have lowered its internal duties on industrial products (now at 50 per cent of the 1957 level) by at least 80 per cent.

As for the common external tariff, the second alignment is already planned for July 1, 1963, and, if all else goes well, the third and last alignment establishing a full Community tariff will be made on January 1, 1967.

On the same date, if possible, national tariff quotas would be abolished; otherwise they will be eliminated at the end of the transition period (December 31, 1969).

During the first half of 1963 the first directives for the stage-by-stage abolition among member states of charges equivalent to customs duties will be issued.

AGRICULTURE

The Memorandum states that in the spring of 1963 a common organization of markets for milk and dairy produce, beef, and rice is expected to be established, under the agricultural policy adopted by the Council early this year which created the mechanism and basis for a common organization of markets for cereals, pork, poultry, eggs, fruit and vegetables, effective since July 30, 1962.

As soon as possible the Commission will make proposals for a common organization of markets in other agricultural products. Before April 1, 1963, it will also make proposals for the alignment of the cereal prices applicable during the 1963-64 harvesting season.

The Commission also intends to submit to the Council of Ministers proposals on the operating conditions of the European Guidance and Guarantee Fund (established this year under the common agricultural policy so that the six member countries may contribute fixed amounts to finance the Community agricultural system).

To correct structural defects in agriculture which have resulted from changes in the general economic structure, the Commission recommends that measures be taken in the form of education, occupational training (agricultural and other), agricultural advisory services, adaptation of credit policy to farm needs, regional development of less favored rural areas, and that agricultural cooperatives be encouraged. The Commission will shortly submit proposals on a "structure fund"

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to make grants to stimulate and guide efforts to improve or adapt agricultural structures to meet the needs of the common agricultural policy.

Each year, beginning in 1964, the Commission will present studies of the agricultural situation which will form the basis for Community decisions in achieving its common agricultural policy.

EXTERNAL RELATIONS

The Memorandum says that the United States-Common Market trade negotiations to be conducted on the basis of the new U. S. Trade Expansion Act will probably not get under way until the end of 1963 or early 1964; and that meanwhile the Commission will complete studies of the Trade Expansion Act and submit to the Council proposals on a common attitude to be adopted by the Community in these negotiations. It will also explore with the U. S. opportunities for widening the scope of the negotiations, without awaiting the opening of official negotiations. The Memorandum emphasizes that "special care will have to be taken that the negotiations really do proceed by the across-the-board methods."

The Commission reviews the progress of the British-Common Market negotiations for Britain's entry into the Community, as well as the negotiations with the African associated states for a renewal of their association in 1963.

The Commission will submit proposals before the end of 1963 on achieving a Community trade policy for dealing with the Eastern bloc countries. It also intends to propose a common policy of financial aid and technical cooperation to go to the developing countries of the world.

The Commission states that it is desirable for the Community as an entity to become a member of the Organization for Economic Cooperation and Development, and that it should be represented in certain countries, notably in the U. S. and Latin America.

OTHER HIGHLIGHTS

The Commission will continue to develop a Community competition policy and before the end of 1962 will adopt a regulation on the right of hearings of parties and third parties in the course of proceedings, as a supplementary measure to the "cartel regulation" adopted early this year.

Other Commission proposals:

* Abolishment of the "cascade" type of tax on gross turnover and adoption of an added-value tax.

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* Creation of a European system of patents and trademarks, establishment of a European patent office, and arrangements for a form of legal control -- possibly through the Court of Justice of the European Communities.

* Additional measures to attain a transport market organized under Community rules.

* Measures to establish gradually a common energy market, as defined in a memorandum of June 1962 submitted by the three Community executives (the Commission's Memorandum lists specific second-stage objectives for petroleum and, possibly, natural gas).

* Additional measures to achieve common policies in vocational training and employment and in raising living and working conditions.

The Commission notes in the Memorandum that the Community, now financed by budget contributions from its member states, may, according to the Treaty, be sustained by its own resources. It suggests that the common agricultural policy now provides a means of creating one category of such resources -- the levies on agricultural imports -- and that, in addition, the proceeds of duties imposed under the common external tariff could eventually accrue to the Community. The Commission also plans to submit proposals of other sources of revenue less dependent on international trade, the Memorandum says.

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