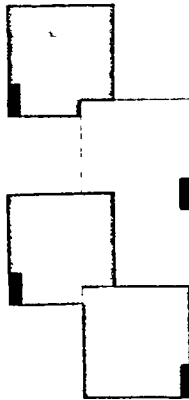


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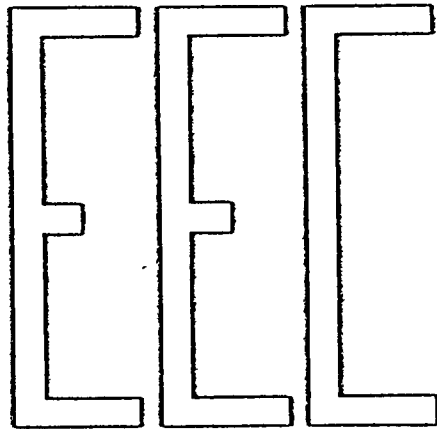
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A common occupational training policy

Under Article 128 of the EEC Treaty, the Council of the Community is required, on a proposal of the Commission and after the Economic and Social Committee has been consulted, "to establish general principles for the implementation of a common policy of occupational training capable of contributing to the harmonious development both of national economies and of the Common Market."

With a view to implementing this article, the Commission submitted to the Council proposals drawn up after consultations between its staff, on the one hand and governments experts from the six countries, representatives of employers' and workers' organizations and of certain national bodies officially responsible for occupational training, on the other. The Council decided at its October session to consult both the Economic and Social Committee and the European Parliament on the Commission's proposals.

One of the chief aims of the experts' preparatory work was to clarify the terms of Article 128. The Commission is of the opinion that "general principles" does not mean theoretical pronouncements laying on the Member States vague obligations of an essentially moral nature ; on the contrary, the expression must be understood in a positive sense, the aim being to establish rules to be followed in matters of occupational training policy and to lay down the main lines of joint action.

Such action must be directed towards the training and advancement of the Community's balance force, young and adult ; it must not be confined to the training of particular categories.

The application of Article 128 of the Treaty in this sense is justified by the fact that occupational training is an essential factor in achieving the aims of the Treaty of Rome. Occupational training, which constitutes a link between population growth and technological progress, makes it possible constantly to adapt the distribution of the working population to the needs of an economic policy of continuous and balanced expansion.

The integration policy, of which occupational and geographical mobility is an important element, means that workers must be trained in advance to enable them to fill the jobs offered more efficiently. Furthermore, if our aim is a high level of employment in the Community, we must look ahead ; there must be a constant drive to train more skilled workers so as to improve the qualitative distribution of manpower and make better use of availabilities.

Concerted action in the matter of occupational training implies a coherent effort for cultural uplift which by its very nature is bound up with far-

reaching improvements in living and working conditions. From this angle the common occupational training policy is one of the main factors in levelling in an upward direction the living and working conditions of labour.

Action in the occupational training field is also justified by the fact that the development of personality, the importance of which can never be sufficiently emphasized, is linked with the acquisition of knowledge and skill enabling the individual to fill a useful place in society.

The scale of the joint occupational training policy to be implemented follows from the very purpose of this policy, which is to develop continuously the social infrastructure of the Common Market — an inescapable condition for the economic expansion and harmonious development of the Community. This action must aim at developing and improving means of training, further training and advancement, adapting these to the needs of the Community and harmonizing progress in this field in the six countries.

It was with these objectives in mind that the EEC Commission laid down the general principles for the implementation of a common occupational training policy.

By marking its proposals practical, the Commission has established a Community framework in which the occupational training activities of the Member States may dovetail into a policy at European level. The role of the Commission will be to co-ordinate and encourage the working out and implementation of this policy. It will in particular have to watch that the common policy is applied in a manner consonant with the principles enunciated and the objectives laid down.

Some of these principles could be rapidly applied. For instance, objective, complete and up-to-date documentation is a necessary prerequisite for well-informed action ; permanent exchange of written information should therefore be established between the member countries as soon as possible.

Similarly, the Commission considers that the gradual approximation of standards of training should have a high priority in the implementation of a common policy. Irrespective of their country of origin and the type of training they wish to receive, wage-earners or independent workers should have equivalent theoretical and practical knowledge for a given occupation in order to be able to work under the best possible conditions in any Community country. In this respect, the results obtained are more important than the duration and type of the training.

Harmonization of the requirements for admission to the various levels of training is a long-term task, in view of the number and variety of occupations for which apprenticeships or training courses exist. An order of priorities

must therefore be established. The aim should be to harmonize final examinations and diplomas with a view to reciprocal recognition.

Uniform tests on the Community level and European competitive examination would also make for a harmonization of training standards.

The EEC Commission further proposes that for certain branches and particular occupations special action be taken in the light of the requirements of economic expansion and manpower needs and surpluses. Since one of the chief purposes of the common occupational training policy is to ensure that the EEC industries shall have sufficient manpower available, it must pay special attention to remedying present and foreseeable manpower shortages and surpluses. Action in this field is dependent on forecasts of manpower resources and requirements and on periodical reviews to determine regions and occupations with shortages or surpluses of skilled labour. This must be done as accurately as possible in order to establish an order of priority of the shortages to be made good; such reviews must also indicate for each occupation in which manpower is short, the requirements to be satisfied and the qualifications needed. Lastly, technical progress, technological change and the creation of new occupations must be taken into account.

On these bases, specific short- or long-term occupational training schemes to cover the most urgent and vital requirements will have to be set on foot. The schemes might be planned, for certain occupations at least in such a way as to be carried out by several countries.

Such action, in line with the general principles of a common occupational training policy, would widen the Commission's field of activity, particularly as regards the study of manpower trends.

Joint financing might help in solving the problems of improving and extending occupational training. Article 41 of the Treaty expressly provides for such financing for occupational training in agriculture as part of the common agricultural policy. The extension of these Community measures to all sectors of the economy would be an effective approach and would give its full weight to the common occupational training policy.

Certain categories, such as female labour, the unemployed and the handicapped, and certain sectors of activity — among them agriculture, transport and handicrafts — would call for special measures in view of the social problems they raise.

Along with the principles which could be rapidly implemented, the Commission's proposals contain others intended to be applied in the longer term. Among these objectives are generalized vocational guidance systematically applied for the whole duration of general education and occupational training, more intense occupational training and further

training aimed at social improvement as an economic and social necessity, and measures to give occupational training a wide scientific and technical basis in order to keep pace with technical progress.

As to methods of giving effect to the Commission's proposals, it is primarily for the Member States to take the necessary measures to apply these principles. Once the Council has made its decision, the competent national authorities will have to seek ways and means of meeting this obligation.

According to the draft submitted to the Council, the Member States would have wide freedom of choice as regards the means used in carrying out this task, provided the common principles were applied in each of the six countries. Decisions of the Community institutions could specify the practical measures to be adopted in a given field to attain the objectives set. The intention is that the EEC Commission shall make concrete proposals to the Council and take any other action called for. The Commission will indicate orders of priority for the tasks to be undertaken, watch over and co-ordinate their execution, and note the results. Joint programmes of study and research programmes and practical schemes would be worked out by the Commission and applied by the Member States at its instigation.

The Commission would be assisted by an Advisory Committee on occupational training comprising, in equal numbers, representatives of the relevant government departments, organizations of employers or bodies officially concerned with occupational training, and of trade unions.

The public and private circles concerned have on several occasions recognized the indispensable need for such a Committee at Community level. The implementation of the common occupational training policy calls for close and permanent collaboration between the government officials of the Member States, the representatives of the interested circles and the Commission.

I. The right of establishment and the freedom to supply services

At its 53rd session on 25 October 1961 the Council approved the General Programmes for the abolition of restrictions on the freedom of establishment and the freedom to supply services.

Pursuant to Articles 54 (1) and 63 (1), the Commission had prepared in the first two years drafts on which the Council was to give a ruling before the end of the first stage after having obtained the opinions of the Economic and Social Committee and the European Parliament.

What do the two General Programmes adopted by the Council involve ?

Right of establishment

The first Programme defines the restrictions on the freedom of establishment and sets out an order of priority for their abolition in the various sectors of activity.

The right of establishment goes far beyond the content of bilateral conventions on the subject. Such conventions usually grant a certain number of rights, but only in the form of an enumeration which, whatever its length, is exclusive. The Treaty goes further and establishes the principle that EEC nationals shall enjoy equality of rights with the nationals of the EEC country in which they wish to establish themselves. In other words, any treatment by a Member State of nationals of other Member States which differs from that applied to its own nationals now constitutes a restriction on the freedom of establishment, whether such treatment be based on legislative or administrative measures or stem from any administrative practice which affects the access to or exercise of non-wage-earning activities by persons wishing to establish themselves in that country.

In each Member State, therefore, rules such as those which govern certain professions and are applied irrespective of the question of nationality, can continue in effect. Nevertheless, in order to avoid difficulties arising from the differences in rules and regulations within the Community, some co-ordination may prove necessary when restrictions are removed. The General Programme lays down that the advisability of such measures shall be studied from case to case, with the exception of those where they are expressly laid down in the Treaty (medical, para-medical and pharmaceutical professions) and of insurance, where the need for such co-ordination is already apparent.

However, freedom of establishment does not apply to activities which include the exercise of public authority in a Member State. Restrictions justified by reasons of public order, public safety or public health may also be retained.

The General Programme, supplemented by a commentary which serves as an explanatory memorandum, lays down the order in which discrimination is to be abolished in the various activities. The guiding principle for this is to be found in Article 54 (3a) of the Treaty, which accords "priority treatment to activities in regard to which freedom of establishment constitutes a specially valuable contribution to the development of production and trade".

Consequently, most industrial and commercial activities will be liberalized before the end of the second year of the second stage. On the crafts level these activities will be liberalized at the same time, but the very elastic formula for co-ordination contained in the General Programme will make it possible to safeguard the interests of craftsmen.

Apart from the economic criterion to which the Treaty refers, account has been taken, in working out the timing, of the greater or lesser degree of regulation found in the various states, because a certain internal co-ordination before, at the time of or after the abolition of restrictions may prove necessary. To allow the often complicated investigations concerning co-ordination to be completed, the time-table has been extended for certain activities such as insurance and the liberal professions.

In principle, the right of establishment should be implemented in the same way in transport as in the other branches of the economy.

The Commission's proposals provide for the abolition of restrictions by the end of the second year of the third stage for carriers, and at the end of the second year of the second stage for forwarding agents.

The co-ordination of legislative and administrative provisions, laid down in Article 57, reveals considerable interplay between the right of establishment and the common transport policy where road and inland waterways transport is concerned, particularly in the case of the study of road transport requirements (quotas), but this interplay was not expressly referred to in the General Programme as put forward.

The Commission has laid the result of its studies (on discrimination and the rules governing admission to these two sectors) before the European Parliament, the Council, and the Consultative Committee set up under Article 83, whose advice is asked on a number of practical points.

The link between establishment and the common agricultural policy explains why the liberalization of agriculture, which is further complicated by its particular structure, is planned to occur mainly during the last two stages of the transition period.

The order of priority is in any case very flexible since the dates in the General Programme are the latest possible, and earlier liberalization will always be possible — with the agreement of the Member States — should it prove advisable. Because of its general nature, the Programme is inevitably confined to settling the broad lines; its implementation will be governed by directives.

Freedom to supply services

Following much the same procedure as that applied to the freedom of establishment, the Commission has laid before the Council a General Programme and commentary on the abolition of restrictions on the freedom to supply services [Article 63 (1)]. Once again we have to define services and restrictions and to settle the order in which these restrictions should be abolished.

The definition is largely negative ; it concerns "services normally supplied for remuneration, to the extent that they are not covered by the provisions on the free movement of goods, capital and persons" or by those concerning transport. This somewhat residual definition explains the lack of uniformity in this concept and the difference between it and what is accepted by economists and statisticians.

The Treaty provides for the freedom to supply services "within the Community" and the supplier of the service must be "established in a State of the Community other than that of the person to whom the services are supplied" (Article 59, first subparagraph). Service therefore represents a link across a frontier which can result from :

a) *The supplier moving to the recipient of the service.* Services supplied by the liberal professions in the wide sense of the word (consultations, expert opinions, entertainment), by industrial engineers (assembling, repairing or maintenance of machines) and by those in certain ancillary activities (travelling representatives, market research workers, maintenance services), or by certain craftsmen or agricultural workers who are relatively rare and almost always frontier workers. This type of service differs from establishment in the temporary character of the independent activity in the receiving country.

b) *The recipient moving to the supplier of the service.* Services supplied on the arrival of the recipient for personal reasons (tourism, family visits, study), for business or for medical or para-medical care in the Community country where the service is supplied.

c) *The service itself being moved* (the supplier and the recipient remaining in their own country), it being immaterial whether :

i) The object into which the service is "incorporated" (processing, finishing, testing, analysis and so on) is moved, or

ii) The object used in performing the service is moved (certain banking, insurance or publicity services or services provided by the liberal professions in the form of written papers, supply of information and so on).

The distinction between the concept of establishment and that of the supply of services raises no difficulties save in the borderline case in which the person supplying the service travels to the country of the person receiving the service, resides

there for some time or carries out several operations there. The Commission has outlined a few guiding ideas on this subject which will be given detailed form in concrete cases should these arise.

As in the case of the right of establishment, one form of restriction on the supply of services is represented by any differential treatment based on nationality. Any such restriction hampers the professional activity of the supplier of the service when he goes to the recipient of the service. There are other restrictions which are absolute and it is not possible to apply purely and simply the principle that any EEC national shall enjoy equality of rights with the nationals of the host country; examples of these absolute restrictions are barriers to the movement of the object on which or with the aid of which the service is performed or refusal to allow payment for the service. As has already been indicated, these all come within the scope of the chapter on services in so far as they do not fall under the provisions on the free movement of goods and capital.

Article 63 (3) of the Treaty provides a criterion for priorities in abolishing these restrictions which is similar to that applicable to the right of establishment, but the rhythm is faster. In certain circumstances it may be possible to issue implementing instructions dealing with a particular activity both from the point of view of establishment and from that of the supply of services.

It should, however, be noted that under the terms of Article 61 (1), the free movement of services in respect of transport is to be attained in the setting of the common transport policy (Articles 75 et seq.); in view of the special rules provided for in Article 75 (1a) the supply of services in the field of transport could not be included in the draft general programme for the abolition of restrictions on freedom to supply services.

Rules must first be established under Article 75 to end discrimination on the grounds of nationality in international transport and in transport undertaken by non-resident carriers. These rules must moreover aim at the co-ordination of conditions for admission in the Member States of the Community so that freedom to supply services may be progressively ensured with due regard to the special aspects of transport. In this context particular importance attaches to quantitative restrictions on road transport.

Opinions from the Economic and Social Committee and the European Parliament Decisions of the Council of Ministers

The Economic and Social Committee and the European Parliament gave on 2 February⁽¹⁾ and 10 March respectively their opinions on the two General Programmes which had been referred to them by the Council. The Economic and

(1) See Bulletin No. 2/61, Chapter IV — The Economic and Social Committee.

Social Committee approved both Programmes in the main, with a few reservations bearing chiefly on handicraft activities, public contracts and the time-table.

The Committee hopes in particular that different directives will be fixed for the same activity when carried on as industry and when treated as a handicraft ; that, in the case of public tendering, the same regulations will be used both for freedom of establishment and for the supply of services ; that no differentiation be made in services between public and private tendering but that a special solution be found for public contracting for building and public works ; that early liberalization be provided for a small number of activities such as the construction of locomotives, shipbuilding and the pharmaceutical industry.

The European Parliament approved the General Programmes for the liberalization of the right of establishment and of the supply of services. In the case of the latter, however, it put forward a few amendments concerning more rapid measures in the insurance field, the supply of some further details in connection with the cinema industry, wages for manpower employed in the receiving country, and payments for transport services. The Parliament also raised the problem of the inclusion of sea and air transport in the chapter on services.

As soon as these opinions were received, the work was pressed forward by the Council's experts in collaboration with the staff of the Commission, by the Permanent Representatives, and in the Council itself. As a result, a few amendments to the initial proposals were transmitted to the Council. Apart from some purely formal changes, these amendments bear mainly on public contracts, transport, agriculture and the time-table for the liberalization of certain activities.

Consequently, if we leave aside the provisions on who shall benefit and on the limitations, the structural outline of the General Programmes and, in particular, of their time-tables, is broadly as follows :

1) Before the end of 1963 almost the whole of industry and wholesale trade, as well as re-insurance, will have been freed.

The right of nationals and companies of Member States to be awarded public works contracts in other States will be progressively opened up according to widely varying arrangements, after 31 December 1963 and will cease to be subject to any limitations after 31 December 1969.

2) By the end of 1965, liberalization will extend to the foodstuffs industries, to the manufacture and wholesale distribution of pharmaceutical products, to retail trade, to certain branches of insurance (except life assurance), to certain liberal professions, such as agronomists, architects, chartered accountants, surveyors and consultant engineers.

3) Before the end of 1967, liberalization will cover pharmacy at the retail stage, medicine, veterinary medicine and certain branches of insurance (life assurance). The lifting of restrictions on transport by rail, road and on inland waterways has also been fixed for this date, but only in the field of establishment. The new text of the

General Programme adds that this abolition of discrimination shall be accompanied by co-ordination measures and that these shall constitute one of the elements of the common transport policy.

Shipping and aviation are excluded pending a decision by the Council.

4) By the end of 1969, only a few industries, such as shipbuilding, the manufacture of railway equipment and the working of woods and forests will remain to be liberalized.

Agriculture deserves a few special comments, for here liberalization, particularly liberalization of establishment, is phased throughout the transition period; for instance, the right to take over farms which have been derelict or uncultivated for more than two years is provided for as soon as the General Programme has been adopted. Farm hands who have worked for more than two years in a Member State other than their own will by the end of 1961 be entitled to set up as farmers in the host country. In the later stages of the transition period the rights and facilities available to native farmers will be granted by stages to farmers from other Member States; they will have, for example, access to the various forms of credit and to the co-operatives from 1 January 1966. The lifting of all forms of restrictions will only be complete at the end of the transition period.

The execution of the General Programmes will call for implementing directives. The Commission has already begun the preparatory work on the general problems involved and on individual activities or sectors. A systematic study has been made of the available documentary material, and meetings of national experts, held under the auspices of the Commission, are continuing in the various fields.

Among the general problems, that of the co-ordination of provisions governing the entry and residence of nationals in Member States [Article 56 (2)], that of the co-ordination of the guarantees required from companies in the interests both of company members and of third parties [Article 54 (3g)], and questions involved in public contracts are of particular interest.

In the field of activities or sectors of activity, we should mention industry and its relations with handicrafts, wholesale trade, activities ancillary to industry and commerce, cinematography, insurance, agricultural activities and the liberal professions, in particular architecture, chartered accountancy, engineering, medicine and pharmacy.

This procedure will, it is hoped, increase the efficiency with which directives are prepared and allow Member States time to incorporate the directives in their own legal systems.

II. EEC trade in the first six months of 1961

The figure for intra-Community trade in the first six months of 1961 was 5 700 million dollars — an increase of 16% over the same period in 1960 and 70% over the corresponding figure for 1958. Community imports from the rest of the world totalled 10 200 million dollars, 6% more than in 1960, as against a figure of 9 800 million dollars for exports, an increase of 3%.

The overall deficit in the EEC trade balance — 400 million dollars — is accounted for mainly by the heavy deficit in trade with the United States (1 100 million dollars), only partly offset by the 700 million dollars surplus on trade with other countries.

In the increase of intra-Community trade the largest factors are sales by France (+ 22%), Western Germany (+ 23%) and Italy (+ 16%), and purchases by the Netherlands (+ 26%), Italy (+ 20 %) and B.L.E.U. (+ 18%).

EEC imports from the associated overseas countries — 900 million dollars — increased by 10%, whereas exports to the same countries fell off in the same proportion, as a result of the decline of French exports to Algeria and those of B.L.E.U. to the Congo (Leopoldville).

EEC imports from non-member countries moved up by 6%. This increase was recorded in all the member countries save in B.L.E.U. where there was no change, but it is still below the increase in imports from other member countries. The countries which benefited most from the growth of EEC imports from outside the Community were the countries of North America (+ 14%), Eastern Europe (+ 12%) and the European Free Trade Area (+ 9%).

Exports to non-member countries were up by 4% for the Community taken as a whole. In contrast with increases recorded by Germany (+ 9%), Italy (+ 6%) and the Netherlands (+ 6%), this category of exports was down in B.L.E.U. (— 9%) and France (— 1%). French exports, however, have since March resumed their upward trend.

The growth of EEC exports was mainly in those toward Eastern Europe (+ 14%) and the EFTA countries (+ 11%). By contrast there was an appreciable decline in sales to the United States (— 13%).

A study of the monthly trend in intra-Community trade since the beginning of 1961 reveals that the very modest rate of expansion in 1960 has been followed by a fresh surge forward in which expansion has been at much the same average rate as in 1959, a record year in this respect.

The growth of EEC trade with the rest of the world continued to be rather disappointing though it seems to have gathered some momentum in the second quarter.

The growth in overall EEC imports from the first six months of 1960 to the first six months of 1961 is accounted for entirely by the growth in imports of manufactured goods, and particularly of equipment goods (+ 32%). On the other hand, imports of foodstuffs and raw materials remained at much the same figure.

Exports of equipment goods also improved considerably: + 13% as against only + 3% for other manufactured goods.

EEC TRADE IN THE FIRST HALF OF 1961

(Figures in million dollars. Percentage increases over the first half of 1960 are given in brackets)

	EEC	France	B.L.E.U.	Netherlands	Western Germany	Italy
Imports from						
EEC	5 729 (+ 16)	1 041 (+ 14)	1 080 (+ 18)	1 262 (+ 26)	1 611 (+ 9)	735 (+ 20)
Associated overseas states	923 (+ 10)	648 (+ 11)	127 (- 1)	25 (- 2)	79 (+ 30)	44 (0)
Non-member countries	9 300 (+ 6)	1 733 (+ 2)	907 (0)	1 269 (+ 7)	3 551 (+ 6)	1 840 (+ 10)
Exports to						
EEC	5 826 (+ 18)	1 220 (+ 22)	1 043 (+ 12)	974 (+ 9)	1 977 (+ 23)	612 (+ 16)
Associated overseas states	882 (- 10)	773 (- 10)	29 (- 44)	22 (0)	38 (+ 19)	20 (+ 8)
Non-member countries	8 975 (+ 4)	1 606 (- 1)	845 (- 9)	1 073 (+ 6)	4 160 (+ 9)	1 281 (+ 6)

III. Accession of other countries to the EEC

The British application for membership of the European Economic Community

On 9 and 10 November the representatives of the six Governments of the Member States held a meeting in Brussels with the British delegation led by Mr. Heath, Lord Privy Seal, who had been appointed by the British Government to conduct the negotiations on the accession of the United Kingdom to the Community. Held at ministerial level, this meeting, which followed a co-ordinating meeting of the delegations from the six countries and the Commission on 7 and 8 November, marked the opening of the negotiations proper.

M. Lahr, West German Under-Secretary of State, read a statement to the United Kingdom representatives on behalf of the Member States' Governments in which they expressed the deep satisfaction of the six countries at the prospect of the United Kingdom's taking part in the work of Community integration. The Governments noted the assurance given by Mr. Heath that the British Government understood that the negotiations could not be allowed to slow down the progress of the EEC. They also noted the fact that the British Government supported the decision on the European political co-operation taken in Bonn on 18 July by the heads of States or Government.

It was desirable, the spokesman went on, that the negotiations for the accession of the United Kingdom to the two other Communities should be got under way as soon as those on accession to the EEC had reached a sufficiently advanced stage.

M.Lahr also referred to certain points raised in Mr. Heath's statement of 10 October and expressed the Member States' pleasure that Great Britain accepted without reservation the objectives set out in Articles 2 and 3 of the Treaty of Rome and the institutions provided for in Article 4. He observed, however, that although the basis of the Treaty was a customs union, its main objective was to create an economic community, and that the establishment of this community was a condition for the customs union itself.

In this context, all the Treaty's provisions had their importance and should be subject to the same negotiations.

Turning to the notion of accession, M. Lahr stressed an important consideration, namely that in no field could a Treaty rule become the exception and the exception the rule. It was in the common interest to preserve the Treaty of Rome and its dynamic equilibrium.

In this respect the six Governments had learnt with satisfaction of the British Government's intention of settling by protocols the special problems its accession would involve. However, the exceptional system of protocols should not be of a scope or of

a duration likely to undermine the rules themselves. These principles might be applied in particular to the preparation of solutions for the problems facing the Commonwealth countries.

The statement continued: "The fact that our Community is called the European Economic Community defines not only its purpose but also its limits, which must be taken into account in the special agreements. In considering these limits, we shall not prove ourselves narrow-minded, as we have shown in a series of talks on association now under way but we cannot move very far away from the path set out for us without running the risk of the basis of our action being lost to view."

As regards agriculture, M. Lahr noted the United Kingdom's willingness to make the changes necessary to adapt the British system to that of the Continent.

Lastly, he stressed the contribution that the Commission of the European Economic Community could make to the smooth progress of the negotiations. By its very character, it was well placed to unravel the often difficult problems that would be encountered, and it would thus facilitate the quest for common solutions which would make possible the attainment of that happy conclusion, desired by all for the greater good of Western civilization.

The President of the Commission; Professor Hallstein, then explained the Commission's position on certain essential problems involved in the accession of the United Kingdom.

These considerations, he said, were put forward at the present stage as a preliminary to bringing the discussion down to practical issues; they were intended to clarify the methods to be used in approaching the problems.

He discussed first of all those aspects of the accession of the United Kingdom which were connected with internal and external duties of the Community. He observed that the value of a common external tariff could not be appraised without knowing to what countries and what trade the tariff would actually be applied. It was impracticable to base their discussions on the assumption that they would succeed in solving the problem of EFTA or that of the Commonwealth by methods which meant abolishing customs duties completely. It would be preferable to take the problems of relations with the EFTA countries and the Commonwealth countries one by one and arrive at the most appropriate solution having regard to special situations and difficulties arising.

M. Hallstein then spoke of the provisions of the EEC Treaty which deal with economic union, that is to say the co-ordination, approximation or merging of economic policies. He stressed the importance of this part of the Treaty; here political unification was not merely being prepared, it was already to some extent being put into effect, inasmuch as important fields of domestic policy were already being subjected to a common discipline, so that the transition to integration of a more political nature seemed to be a logical development. He felt that it would be useful to make clear the

nature of the difficulties which might arise for the British Government in these fields. Turning to the general application of the Treaty of Rome, and considering the preference shown by the British delegation for protocols to settle the problems involved in accession, M. Hallstein recalled the legal and economic aspects of the existing protocols; they were not, he said, such as to affect the balance of rights and obligations stemming from the Treaty.

Without going into detail, the conversations bore upon certain more technical aspects of Mr. Heath's declaration, particularly with reference to tariff matters and the provisions of the Treaty of Rome which were concerned with economic union. A questionnaire was handed to the British delegation with the object of clarifying the implications of some of Mr. Heath's statements. The British delegation largely reserved its replies to the questions raised, intimating that they should be dealt with during the negotiations themselves.

It was agreed that agricultural problems should be left aside for the moment. The heads of delegations were asked to study certain points of major importance (tariff problems and problems concerning the trade of Commonwealth countries) before meeting in Brussels from 22 to 25 November.

The negotiations at ministerial level will be resumed on the basis of the conclusions reached by the heads of delegations. This next meeting is planned for 8 and 9 December.

Danish application for membership of the European Economic Community

On 10 August 1961, the Danish Government requested the opening of negotiations with a view to Denmark's accession to the European Economic Community ⁽¹⁾.

At its session of 25-27 September, the Council of Ministers unanimously agreed to the opening of negotiations. It proposed to the Danish Government that a first meeting which would enable the Community Member States to acquaint themselves more fully with certain problems raised by the Danish Government's application should be held in Brussels on Thursday 26 October. ⁽²⁾

In a letter of 21 October 1961 addressed to M. Ludwig Erhard, President in office of the Council, M. Kampmann, Prime Minister of Denmark, stated that his Government accepted the proposals contained in the letter from the President of the Council dated 27 September. This letter read as follows :

(1) See Bulletin 9-10, Chapter I, p. 18.

(2) See Bulletin 9-10, Chapter I, p. 19.

“Mr. President,

I have the honour to refer to the letter of September 27th, 1961 stating that the Council of Ministers of the European Economic Community had, at its session of September 25th, 26th and 27th, 1961 unanimously approved the opening of negotiations with a view to the accession of Denmark to the Treaty of Rome.

I am glad to be able to inform you that the Danish Government agrees with the procedural proposals contained in that letter and will be pleased to attend a first meeting in Brussels on October 25th, 1961.

M. J.O. Krag, the Foreign Minister, will represent the Danish Government at the meeting in Brussels and will lead the Danish delegation in the negotiations proper.

I beg Your Excellency to accept the expression of my highest consideration.”

(sgd.) Kampmann
Minister of State
Acting Foreign Minister

The first meeting between the Governments of the EEC Member States and that of Denmark was held on 26 October under the chairmanship of Professor Alfred Müller-Armack, Under-Secretary of State in the Ministry for Foreign Affairs of the Federal Republic of Germany.

The Danish delegation was headed by M. Jens Otta Krag, Danish Minister for Foreign Affairs, the other members being M. Erling Kristiansen, Under-Secretary of State in the Ministry for Foreign Affairs, M. V. Brorson, acting Director General of the Ministry of Agriculture, M. E. Thrane, Assistant Under-Secretary at the Ministry for Foreign Affairs, M. Erik Nielsen, Assistant Under-Secretary at the Ministry of Commerce, M. P. Gersmann, Assistant Under-Secretary at the Ministry for Economic Affairs, M. K. Darmsgaard Hansen, Assistant Under-Secretary at the Ministry of Finance, M. J. Noergaard, Assistant Under-Secretary at the Ministry of Fisheries, and M. Lars Tillitse, Ambassador, Head of the Danish Mission to the Communities, M. Hans Tabor, Economic Advisor, acting Head of the Danish Mission to the Community, M. Ole Bech, Attaché with the Danish Mission to the Communities.

The leaders of the EEC Member States' delegations were as follows: Germany — M. Rolf Lahr, Under-Secretary of State in the Ministry for Foreign Affairs; Belgium — M. Henri Fayat, Deputy Minister for Foreign Affairs, and M. Maurice Brasseur, Minister of External Trade and Technical Assistance; France — M. Georges Gorse, Under-Secretary of State at the Ministry for Foreign Affairs; Italy — Ambassador Antonio Venturini, Permanent Representative with the European Communities; Luxembourg — M. Eugène Schaus, Deputy Prime Minister of Luxembourg and Minister for Foreign Affairs; the Netherlands — M. G.M.J. Veldkamp, Minister for Social Affairs and Public Health.

The delegation from the EEC Commission comprised M. Walter Hallstein, President, M. S.L. Mansholt, a Vice-President, and M. Jean Rey, a member, assisted by senior officials.

Irish application for membership of the European Economic Community

At its session of 23, 24 and 25 October 1961 the Council approved the terms of its reply to the application for membership of the European Economic Community submitted by Ireland, dated 31 July 1961. (1)

This reply, addressed to Mr. Sean Lemass, Prime Minister of Ireland, was handed to Ambassador Mr. Biggar, Head of the Irish Mission to the Communities, on 24 October by M. Müller-Armack, President in office of the EEC Council. It read as follows :

Your Excellency,

I have the honour to refer to your letters of 31 July and 19 August 1961 and to inform you, further to my letter of 14 August 1961, that at its session of 23, 24 and 25 October 1961 the Council of Ministers of the European Economic Community studied the request of the Irish Government to enter into negotiations for accession to the Treaty of Rome under Article 237 thereof.

I have pleasure in informing Your Excellency that the Council of Ministers has unanimously instructed me to propose that a first meeting be held in Brussels at the beginning of January 1962 in order to enable the Member States of the Community to examine with the Irish Government the problems arising from its application, to reach conclusions thereon and to consider certain questions of procedure. The negotiations proper would take place later, at a date to be fixed according to the time required to study the results of this first meeting.

Please accept, Your Excellency, the assurance of my highest consideration.

(Sgd) A. Müller-Armack

On 1 November the Prime Minister of Ireland replied to M. Erhard, President in office of the EEC Council, as follows :

Excellency,

I have the honour to acknowledge the receipt of the letter of 26 October intimating that the Council of Ministers of the European Economic Community decided, in the course of its session from 23-25 October, to propose that a meeting be held in Brussels at the beginning of January 1962 to enable the Member States of the Community to have an exchange of views with the Irish Government about our application for membership of the Community and that this meeting would be followed by negotiations proper at a date to be fixed later.

(1) See Bulletin No. 9-10/61, Chapter I, p. 2

I wish to thank Your Excellency for this communication and am happy to inform you that these proposals are agreeable to my Government.

It is my intention to lead the Irish delegation to the January meeting. I should be grateful to be informed, at your Excellency's convenience, of the date on which it will take place.

Accept, Excellency, the renewed assurance of my highest consideration.

(Sgd.) Sean F. Lemass
Taoiseach

Communiqué of the neutral EFTA countries at the meeting in Vienna

The Ministers of the neutral EFTA countries met on 19 October 1961, in Vienna in order to consult about the ways and means appropriate to achieve the objective laid down in the Decision of the EFTA Council of 31 July 1961 — the creation of an integrated European market.

On the basis of previous studies, the Ministers were able to establish that, as regards the form of the future relationship with the EEC, they see in the same light the problems posed by the neutrality status of their countries. They however found themselves also confirmed in their view, that neutrality does not constitute an obstacle to their participation, through association in appropriate form, in the economic integration of Europe, and to their taking the measures necessary for the functioning of an integrated European market.

The Ministers subsequently conferred about further steps as regards the formal offer to the EEC of negotiations and the conduct of the negotiations. In order to attain the goal of a simultaneous entry into force of an overall solution for all the EFTA countries, the Ministers concluded that, in the light of satisfactory progress with the integration negotiations, it would be justified to follow up with formal steps by the individual countries, before the end of the year, their readiness to negotiate — already indicated in the EFTA Declaration of 31 July 1961. Before taking final decision in this regard, the neutral EFTA countries will co-ordinate their actions with the other EFTA members during the next EFTA Ministerial meeting, which is due to take place in the course of November, and they will initiate consultations with their parliamentary bodies or report to them.

The Secretary-General of EFTA, who took part in the meeting, undertook to inform the other EFTA members about the proceedings of the meeting.

IV. Activities of the Community

EXTERNAL RELATIONS

Association of Surinam with the Community

1. Following the Council's decision at its September session to extend to Surinam all the benefits of the association system provided for in Part Four of the Treaty and the Convention on overseas countries and territories, the Council agreed, at its October session, to the simplest procedure being used to effect the association of Surinam. The Netherlands will add to their instrument of ratification an act making Part Four of the EEC Treaty applicable to Surinam.

Association of the Netherlands Antilles with the Community

2. The association of the Netherlands Antilles may be regarded as finalized from the Community point of view, following the Council meeting on 13 and 14 November, when the remaining open questions were resolved on the basis of the proposals put forward by M. Rey, Chairman of the working party, "Netherlands Antilles".

These questions concerned the legal form of the act of association and the system for importing petroleum products from the Antilles into the Community.

As regards the first point, the Council decided that the Netherlands Antilles' association with the EEC will be effected by means of a modification of the Treaty in accordance with the procedure provided for in Article 236.

As for the system for imports of petroleum products, the Council has approved a protocol to which Member States will subscribe, and a declaration concerning the application of this protocol which will be subscribed to by the Member States and the Commission meeting in the Council. These two documents provide the Member States and the Community with safeguards, should imports into the Community countries of refined petroleum products from the Netherlands Antilles cause real difficulties on the market of one or more of the Member States.

These safeguards will apply at both the Community and the national level. Limits will be set on the tonnages of imports of refined petroleum products from the Netherlands Antilles.

The safeguard clause for the Community sets a limit of two million tons.

As regards the guarantee given the Netherlands Antilles, pending revision of the protocol the tonnage is fixed at 2.5 million tons. This is a provisional arrangement and will be revised when a common definition of origin is adopted for petroleum products from non-member countries (including the associated countries) or when

the Community takes decisions on these products under a common commercial policy or in establishing a common energy policy.

The Council having given its consent, thanks to M. Rey's efforts as Chairman of the working party and the understanding shown by its members, the association of the Netherlands Antilles with the Community is practically an accomplished fact, subject to the procedures stipulated by the Treaty being put into effect. The Council has therefore authorized the Committee of Permanent Representatives to put this decision in legal form, with a view to transmitting it to the European Parliament as soon as possible.

Association of Turkey with the Community

3. At its October session the Council approved, with some reservations, a general framework within which the negotiations for an association agreement with Turkey might be pursued.

The agreement would take the form of a convention on economic and commercial co-operation for a definite duration including a certain number of measures designed to help Turkey to put its economy on a sounder footing.

The Community would commit itself to continuing the association after this convention had expired, provided that Turkey had fulfilled its obligations.

The Community and GATT

The Tariff Conference

4. In October the Commission's delegation opened tariff negotiations with Australia and also made contact with delegations from several countries seeking clarification on the Community's offer to make an across-the-board reduction in the common customs tariff.

In the same month, the multilateral negotiations already under way with nine countries ⁽¹⁾ approached the critical stage. The Commission's delegation strongly urged certain of these countries to improve their offers of tariff concessions as a counterpart to the across-the-board cut, and added that if a substantial improvement in these offers were not forthcoming, the Community might find itself obliged to adjust its own offer in order to reach an agreement based on reciprocity and mutual advantage.

The progress of the negotiations is being closely followed by the special committee set up under Article 111 by the Council. The Council will give this subject initial consideration on 6 and 7 November.

(1) Austria, Canada, Finland, Israël, Pakistan, Sweden, Switzerland, United Kingdom and United States.

Other work of GATT

5. The Commission took part in the meeting of the GATT Council of Representatives held at Geneva from 25 September to 3 October 1961. The Council made preparations for the next plenary session of GATT, to be held from 13 November to 8 December 1961, and the meeting due to take place at ministerial level during this session from 27 to 30 November.

One of the topics of special interest to the Community discussed by the Council of Representatives was the effect of the common tariff under the terms of Article XXIV, paragraph 5 (a) of GATT⁽¹⁾. This discussion revealed that opinions still differ on the interpretation of the provisions of the General Agreement, as was already apparent at GATT's last session in June. The Community considers that the effect of the common tariff should be compared with that of bound customs duties or, failing these, the autonomous duties of the Member States in force on 1 January 1958, while other contracting parties maintain that the duties to be taken into consideration are those actually levied by the Member States in their national tariffs at that date. The Council agreed to place this item on the provisional agenda for the next plenary session of the Contracting Parties.

The Council also decided to include the item dealt with above, i.e. the possible repercussions of the association system of the overseas countries with the EEC on the exports of certain non-member countries. Several developing countries that are not associated fear that duties imposed under the common customs tariff on tropical products might cause a certain deflection of trade towards the associated countries.

During this preparatory work for the ministerial meeting, the Council decided to invite the Ministers to address themselves to the main problems of international trade which had been identified by the Contracting Parties in the course of their work under the programme for the expansion of international trade which was put into effect as from 1958. These problems include plans for the further reduction of customs duties, agricultural trade problems and obstacles to the trade of less-developed countries. The Commission will take part in this ministerial meeting.

Problems concerning imports of cotton textile products

6. The Provisional Cotton Textile Committee, set up under the short-term arrangement regarding international trade in cotton textiles, signed on 21 July 1961⁽²⁾, held its first meeting at Geneva from 23 to 27 October 1961.

(1) See Bulletin 6/61, Chapter I, sec. 10.

(2) See Bulletin 9-10/61, Chapter V, sec. 2.

The meeting began with the discussion of two proposals, one submitted by the United States and the other by Japan.

The American proposal calls for total abolition by the expiry of the arrangement (five years) of quantitative restrictions by those countries still applying them, a progressive widening of quotas in accordance with a time-table drawn up during the negotiations and which fixes the minimum yearly increases. This time-table would be reviewed each year in the light of the economic situation. Those countries not applying quantitative restrictions would retain the liberalization measures now in force for the duration of the arrangement. Should unrestricted imports of certain categories of cotton textiles listed in the arrangement disrupt their domestic market, they could ask the exporting country to cut their exports of the category or categories in question to the level fixed for the current year.

The annual levels, reviewed each year in the light of the economic situation, are fixed for the duration of the arrangement, taking as a starting point the base level corresponding to imports during the period ended 30 June 1960, plus an annual increase according to a growth formula to be determined.

The Japanese proposal is less flexible ; although it allows quantitative restrictions to be abolished as soon as possible, it specifies that if special circumstances prevent them from being rapidly eliminated they can only be maintained until 30 September 1967, subject to imports for re-export being freed immediately. The proposal also calls for a large annual increase of quotas.

Should the countries without restrictions suffer disruption of their markets (written proof being required), they may resort to a consultation procedure with the exporting country, who may also be requested to reduce exports of the categories in question to a level equivalent to that of imports in the previous year, plus a certain percentage. If agreement is not forthcoming in 60 days, the importing country may refuse to admit imports above this level.

Provision is made for emergency procedure if circumstances are critical, but the restrictive measures taken in such a situation can only be maintained for 60 days. The agreement proposed by Japan would be valid for three years.

The six Community States jointly tabled proposals for the main lines of a long-term solution, which partly correspond to those of the United States but differ from them on two points.

First, the date for the total liberalization of cotton textile imports : in the American draft this is the expiry of the arrangement, whereas the Six prefer a vaguer commitment, i.e. liberalization should be completed as soon as possible.

Second, recourse to the safeguard clause : according to the Six, this may take place when markets are disturbed by wider import quotas, while according to the American proposal the safeguard clause only comes into operation if there is a disturbance of completely liberalized markets.

Unlike the American proposals, those of the Six provide for an emergency procedure, as well as the possibility of negotiating mutually acceptable bilateral agreements containing other stipulations.

After discussing the main features of the proposals from the United States, Japan and the Community, the Committee decided to set up a technical sub-committee to make a choice between the alternatives offered by the proposals and, in the light of the Committee's discussions, formulate a recommendation on the form and substance of a long-term arrangement.

The Committee also decided to establish a statistics sub-committee charged with assembling the statistics needed by the technical sub-committee for its study of the subject.

There was no difficulty in maintaining throughout the meeting of the Provisional Cotton Textile Committee the Community solidarity already made manifest during the negotiations on the short-term arrangement. The representatives of the Member States or the Commission spoke solely in the name of the Community.

Relations with European organizations

Committee for Agriculture of OECD

7. The Committee for Agriculture of OECD held its first meeting on 10 and 11 October 1961. The Commission was represented by M. Rabot, Director General for Agriculture.

The meeting on 10 October was at ministerial level; it had been suggested by the United States, as Mr. Freeman, Secretary for Agriculture in the American Administration, was in Paris at the time. The Committee held a broad exchange of views on the world's main agricultural problems and on the Committee's future work.

On 11 October the Committee met at the level of senior officials. M. Cépède (France) was elected Chairman and a working party was instructed to submit proposals for the programme of work.

Problems of basic products

International Lead and Zinc Study Group

8. The International Lead and Zinc Study Group held its fourth session at Geneva from 18 to 24 October 1961. In accordance with their usual practice at these meetings, the Community Member States and the Commission's representatives adopted a common attitude forthwith.

At the suggestion of the delegations of the Six, the Group decided at its first meeting to admit representatives of the European Economic Community and of OECD to its meetings as observers. This decision was approved by all the members of the Group with the exception of the Soviet Union.

International Conference on sugar

9. The International Conference on sugar, which opened at Geneva on 12 September 1961 under the auspices of the United Nations, to review the 1958 International Sugar Agreement, adjourned on 23 October until the last week of November as a result of the uncompromising attitude of Cuba. The Commission was represented at the Conference.

It is interesting to note that in addition to the Member States of the Community, several associated African States were represented, namely, Congo (Brazzaville), Congo (Leopoldville), Gabon, Upper Volta, Madagascar, Mali, Central African Republic, Chad and Senegal, which also represented Dahomey.

Establishment by the associated countries of missions to the Community

10. On 15 October the President of the EEC Commission, M. Walter Hallstein received Ambassador Joachim Hunlede and Ambassador Joseph Mbeka as representatives to the EEC of the Republics of Togo and Congo (Leopoldville) respectively. The competent institutions of the EEC have taken note of the appointment of Ambassadors Georges Bresson and Marcel Dadjo as representatives to the EEC of the Republics of Upper Volta and Dahomey.

Establishment by non-member countries of missions to the Community

11. Ambassador Rubens Ferreira de Mello, new Head of the Mission of the United States of Brazil to the Community, presented his letters of credence to President Hallstein on 27 October.

ECONOMIC AND FINANCIAL AFFAIRS

Conference on regional economies

12. The EEC Commission has finalized the programme of the conference on regional economies to be held in Brussels from 6 to 8 December 1961. ⁽¹⁾

⁽¹⁾ See Bulletins No. 7-8/61, Chapter V, sec. 14 and No. 11/61, Chapter IV, sec. 21.

Twenty working papers on the preparation and execution of regional policy in each of the six countries will be presented in two sets in two technical committees. The Chairman of the first will be M. Mansholt, a Vice-President of the EEC Commission, and it will examine the following papers :

- a) Irrigation and improvement work in the development of Southern Italy, presented by Dr F. Curato, a director of Italconsult, Rome ;
- b) The Bas-Rhône Languedoc experiment and the programme of regional action, by M. Ph. Lanour, Chairman and Managing Director of the Compagnie du Bas-Rhône Languedoc ;
- c) Labour market problems in an outlying region (Schleswig-Holstein), presented by Dr W. Stothfang, Ministerialrat at the Ministry of Labour, Bonn ;
- d) Manpower and occupational training in Southern Italy, presented by M. C. Martinoli and Dr G. de Rita of the Svimez, Rome ;
- e) Structural change, flight from the land and economic development in Western France, presented by M. G. Pierret, Secretary-General of Maine Expansion, Le Mans ;
- f) The Emsland scheme : development of an agricultural frontier area in Western Germany, presented by M. J.D. Lauenstein, Ministerialdirektor a.D., Director of Emsland G.m.b.H. ;
- g) Development of a backward area : Eifel-Hunsrück, presented by M. F. von Berghes, Under-Secretary of State, Ministry for Economic Affairs, Rheinland-Pfalz, Mainz ;
- b) The frontier regions of Belgium, presented by M. O. Vanneste, Director of the "Westvlaamse Economische Raad", Bruges ;
- i) Harmonizing the development of frontier areas : the south Luxembourg district in Belgium and the north of Lorraine in France, presented by M. B. de Maud'Huy, Chairman of the Committee of the Lorraine basin, Metz ;
- j) A frontier area in the heart of the Committee, by M. P. Camy, Ministry of Economic Affairs, Luxembourg.

M. von der Groeben, a Member of the EEC Commission, will be the chairman of the second committee, which will consider the following working papers :

- a) Co-operation between public and private enterprise in developing an industrial centre : Lacq, presented by M. J. Echard, Administrateur directeur général de la Sodic in Paris ;

b) The growth of an industrial enterprise against the background of regional development, presented by M. T.P. Tromp, Vice-Chairman of the Board of Directors of N.V. Philips Gloeilampenfabrieken ;

c) Industrial conversion of a Belgian area on the decline, presented by M. F. Persoons, Assistant Director at the Bank of Brussels, Advisor to Socorec ;

d) An outlying industrial area (Oberfranken) and the difficulties caused by the division of Germany, presented by M. G. Wachter, a Member of the Bundestag ;

e) Development of central points in agricultural and structurally weak area in Western Germany, presented by Dr W. Langer, Ministerialdirektor, Ministry for Economic Affairs, Bonn ;

f) Equipment companies and the infrastructure of various French industrial areas, presented by M. F. Bloch-Laine, Director General of the Caisse de dépôts et consignations, Paris ;

g) Public action in Southern Italy and the role played by the Cassa del Mezzogiorno, presented by Professor G. Pescatore, President of the Cassa del Mezzogiorno ;

h) The European Economic Community and regional planning in Italy, presented by Professor G. Della Porta, Director of the Research Bureau of the Banco di Roma ;

i) Regional planning and the co-ordination of geographical, industrial, agricultural, cultural and social and space factors in the regional development of the Netherlands, presented by M. S. Herweijer, Land Improvement Service, Ministry of Agriculture, Utrecht ;

j) The participation of regional research institutes in regional programmes, presented by M. J. Milhau, President of the Regional Productivity and Economic Research Centre, Montpellier.

The comments on the work of these two committees will be made by M. Mansholt and M. von der Groeben.

M. Marjolin, a Vice-President of the Commission, will present the final report summing up the conclusions of the studies and discussions.

Policy relating to economic trends

13. Notes on economic trends at the end of November 1961

COMMUNITY

		May	June	July	August	September
Industrial production (1)	1960	119	120	121	122	122
	1958 = 100 1961	127	127	128	128	.
Imports from non-member countries cif (2) in million \$	1960	1 643	1 603	1 647	1 475	1 521
	1961	1 758	1 741	1 602	1 524	1 602
Exports to non-member countries fob (2) in million \$	1960	1 633	1 568	1 609	1 406	1 568
	1961	1 661	1 727	1 697	1 611	1 740
Trade balance (2) in million \$	1960	— 10	— 35	— 38	— 69	+ 47
	1961	— 97	— 14	+ 95	+ 87	+ 138
Trade between member countries (2)(3) in million \$	1960	859	827	858	763	873
	1961	986	1 017	991	915	1 001
Gold and foreign exchange reserves (2) (4) in million \$	1960	12 516	12 954	13 250	13 697	14 019
	1961	14 807	15 258	15 564	15 171	15 351

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) The German Mark and the Guilder were revalued by 5% at the beginning of March 1961.

(3) Calculated on the basis of imports.

(4) Amount held by the monetary authorities at end of month.

To judge from the incomplete information now available, industrial production again made little progress in September. Clear growth was recorded only in Italy, Belgium and — to a lesser degree — in France. In the Netherlands, too, output may have recovered slightly. By contrast, the now familiar physical difficulties, coupled with rather inhibited demand in certain sectors, caused the expansion of output to falter in Western Germany. As in other countries, a certain tendency for dealers and industrial users to run down stocks played a role in this development.

Greater caution over stockbuilding might also account for the somewhat weaker growth in trade between Community countries recorded in September. The slackening in the growth of imports from non-member countries which has been evident for some months would seem also to stem partly from shifts in stocks. However, exports to these countries again moved forward, with the result that the surplus on the balance of trade with non-member countries once more increased.

Despite further exports of capital, the development described above led in September to an increase in the official gold and foreign exchange reserves.

GERMANY

		June	July	August	September	October
Industrial production (1)	1960	121	121	122	122	123
	1958 = 100	1961	128	128	128	128
Number of unemployed in thousands	1960	134.4	119.4	113.1	111.6	121.7
		1961	99.2	93.3	98.4	94.9
Orders received	1960	135	143	141	149	151
	1958 = 100	1961	145	137	132	142
Turnover in retail trade	1960	104	112	103	106	121
	1958 = 100	1961	115	120	117	131
Price to consumers	1960	102.6	102.8	102.3	102.2	102.4
	1958 = 100	1961	105.6	105.8	105.5	105.3
Imports cif (2)	1960	862	867	801	805	899
	in million \$	1961	934	930	870	921
Exports fob (2)	1960	902	971	850	926	998
	in million \$	1961	1 108	1 058	1 019	1 079
Gold and foreign exchange reserves net (2) (3)	1960	5 536	5 623	5 934	6 196	6 443
	in million \$	1961	6 605	6 523	6 150	6 275

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) On 6 March 1961 the German Mark was revalued by 5% (\$ 1 = DM 4).

(3) Held by the Deutsche Bundesbank at end of month.

The relatively modest rate of economic expansion picked up a little in October despite some slackening in the growth of exports, for which a considerably smaller seasonal rise was recorded than in October last year. However, the level reached in October 1960 was exceeded by 9%. By contrast, fixed investment again rose vigorously and private consumption once more showed an appreciable increase.

According to the national index, the rate of growth in industrial production climbed from a bare 1% in September to almost 5% in October. The fact that the seasonal rise in unemployment in October was only very slight also suggests that production was moving forward somewhat faster. In this month there were 5 1/2 vacancies to every unemployed worker. Imports developed at a very lively pace: in October the figure was some 11% over that for October 1960.

The upward trend in prices has lately gathered a little speed. Consumer goods in particular, apart from foodstuffs, have become more expensive. As a result of heavy short-term and long-term capital exports and an appreciably smaller surplus on trade, the freely convertible gold and foreign exchange reserves of the Bundesbank fell by about 135 million dollars.

FRANCE

		June	July	August	September	October
Industrial production (1)	1960	112	114	114	115	115
	1958 = 100	1961	119	119	120	120
Number of persons seeking employment (2) in thousands	1960	123	127	128	127	125
	1961	106	109	111	110	110
Turnover of large retail stores Paris	1960	119	107	89	146	156
	1958 = 100	1961	140	114	100	147
Prices to consumers (Paris)	1960	109.5	110.0	110.9	111.1	111.3
	1958 = 100	1961	111.4	112.2	112.9	113.5
Imports cif	1960	499	515	449	499	473
	in million \$	1961	607	512	466	505
Exports fob	1960	553	564	429	550	621
	in million \$	1961	640	606	505	583
Trade balance (with foreign exchange areas)	1960	+ 17.4	+ 2.6	- 46.0	- 10.1	+ 60.6
	in million \$	1961	- 2.0	+ 54.7	+ 14.2	+ 36.1
Gold and foreign exchange reserves (3) in million \$	1960	1 987	1 988	2 098	2 110	2 136
	1961	2 777	2 965	2 811	2 816	2 829

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) End of month figures seasonally adjusted.

(3) Amount held by the monetary authorities at end of month.

Economic expansion continued in October; the rising trend in prices and wages also persisted.

The tendency for exports to mount was once more in evidence. Sales in North America in particular have again increased appreciably. The trend of investment was also upward. New orders for industrial equipment goods were appreciably larger than a year earlier, and there appears to be a brisker demand for agricultural machinery. Private consumption — encouraged by further pay rises — again increased.

According to the national index, industrial production is steadily expanding. Imports, which in the summer had expanded little, rose again appreciably in October.

Prices to consumer rose in October by 1.1% and were 3% above the corresponding figure for last year. The prices of foodstuffs and industrial consumer goods again hardened. The Government found itself obliged to take direct steps to damp down this trend. For example, retail price contracts were re-imposed on beef and retail margins for footwear have been made subject to official control. Because of the persistent upthrust of prices, the guaranteed minimum wage had to be raised by 2.9% on 1 December.

Although further special payments were made to the International Monetary Fund, the increased surplus on trade and heavy net surpluses on services resulted in a further growth in official gold and foreign exchange reserves.

ITALY

		May	June	July	August	September
Industrial production (1)	1960	128	121	133	133	132
	1958 = 100	1961	138	141	143	144
Number of unemployed in thousands	1960	1 481	1 406	1 418	1 389	1 404
	1961	1 347	1 283			
Internal trade turnover in main investment goods (2)	1960	152	144	159	149	111
	1958 = 100	1961	195	165	198	156
Cost of living	1960	101.9	102.3	102.6	102.5	102.4
	1958 = 100	1961	105.0	105.2	105.1	105.3
Imports cif in million \$	1960	416	371	432	345	386
	1961	467	426	434	401	(428)
Exports fob in million \$	1960	330	285	312	288	307
	1961	335	326	376	348	(349)
Official gold and foreign exchange reserves (3) in million \$	1960	2 876	2 898	2 992	3 097	3 083
	1961	3 003	3 108	3 232	3 364	3 369
Yield on fixed-interest-bearing securities in %	1960	5.20	5.20	5.16	5.11	5.15(4)
	1961	4.97	4.98	4.99	4.97	5.00(4)

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) Machines, apparatus and electrical equipment, calculated on the basis of revenue from turnover tax.

(3) Amount held by the monetary authorities.

(4) October 1960 and 1961: 5.30 and 4.98 respectively.

Vigorous economic expansion was maintained in September and, judging from the latest economic survey carried out by ISCO-Mondo Economico, should persist in the coming months.

In September the year-to-year rate of growth of exports, despite a loss of pace in comparison with the figure for July and August, was 13.7%, sales of motor cars, equipment goods and agricultural products having developed particularly strongly. The rate of growth of investment may have fallen somewhat. By contrast soaring incomes led to an appreciable growth of private consumption.

After the quieter summer months, industrial production rose sharply; the figure for September was 9.1% over the previous year, whereas the July-August increase had been 7.5%. The rate of growth in steel output was also higher, rising from 10% in July-August to 16.3% in September and almost 15% in October.

Higher prices for services and foodstuffs led to a slight increase in the cost of living. After the exceptionally large increase of July and August, official gold and foreign exchange reserves were up by only 5 million dollars in September.

NETHERLANDS

		June	July	August	September	October
Industrial production (1)	1960	129	129	129	130	132
1958 = 100	1961	126	127	127	127	.
Number of unemployed	1960	35	39	35	32	33
in thousands	1961	24	29	28	27	28
Building permits for housing	1960	6 111	8 135	6 802	8 070	10 015
	1961	8 824	9 267	10 597	9 078	8 996
Retail sales (value)	1960	111	125	110	111	119
1958 = 100	1961	117	131	116	.	.
Prices to consumers	1960	103	103	103	105	104
1958 = 100	1961	104	105	105	106	.
Imports cif (2)	1960	384	388	339	385	405
in million \$	1961	447	399	396	428	401
Exports fob (2)	1960	322	326	306	366	369
in million \$	1961	342	338	336	406	368
Gold and foreign exchange reserves (2)(3) in million \$	1960	1 446	1 458	1 450	1 547	1 572
	1961	1 693	1 743	1 699	1 712	1 720

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) On 6 March 1961, the Guilder was revalued by 5% (\$ 1 = fl. 3.62).

(3) Held by the Nederlandsche Bank N.V. at end of month.

The shortage of reserve productive capacity meant that once again the growth in economic activity was only moderate.

In October exports were slightly below the corresponding figure for October 1960. It would seem, however, that fortuitous factors had something to do with this development. In any case it would be too early to talk of an end to the recovery in the growth recorded in exports during the previous months. Investment activity continued buoyant. It is true that in October the number of building permits issued for dwellings was for the first time this year below the corresponding figure for the previous year: the building sector, however, is still subject to severe strain. Private consumption did not exert significant pressure in any direction.

To judge from the national index, industrial production expanded a little; it still remains, however, below the corresponding figure for 1960, as the number of working hours has been cut down considerably. In October, for the first time this year, the value of imports was below the figure for 1960; here again fortuitous factors would seem to have affected the figures.

Faced with the definite upward trend in prices, the Government is taking vigorous measures to pass on to the consumers the reduced prices for imported goods which stem from the re-valuation of the Guilder and from the cuts made in customs duties since 1959.

BELGIUM

		June	July	August	September	October
Industrial production (1)	1960	112	112	112	112	113
1958 = 100	1961	118	119	.	.	.
Number of unemployed	1960	97	95	92	90	94
in thousands	1961	78	72	70	69	69
Number of non-residential buildings put in hand	1960	540	559	541	492	478
	1961	648	546	620	568	.
Turnover of large retail stores	1960	106	116	105	112	121
1958 = 100	1961	116	118	103	110	.
Prices to consumers	1960	101.5	101.3	101.2	101.3	101.7
1958 = 100	1961	102.5	102.9	103.1	102.9	102.8
Imports cif	1960	317	307	308	328	337
in million \$	1961	351	324	319	331	.
Exports fob	1960	317	301	262	296	329
in million \$	1961	340	314	284	348	356
Gold and foreign exchange reserves (2)	1960	1 267	1 189	1 109	1 107	1 129
in million \$	1961	1 075	1 101	1 147	1 179	1 226

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) Held by the Banque Nationale de Belgique at end of month.

The growth of investment and of demand from abroad, which had for several months been sustaining the expansion of the economy, lost some momentum in October: for exports the year-to-year rate of growth fell back to 8.2%, but the figure was still appreciably higher than that for July-August. The latest industrial survey, as well as certain other factors, indicate some loss of vigour in the development of investment. So far private consumption does not seem to have exerted significant pressure in any direction.

The national index of the IRES (after further revision) shows that the year-to-year rate of growth in industrial production fell from 5.8 % in July to 4.1 % in August. This development was in the main due to stagnation in iron and steel and in some branches of chemicals.

The slight tendency for prices to yield ground continued in October, particularly in the wholesale prices of steel, non-ferrous metals and agricultural produce, which were again appreciably down. Official gold and foreign exchange reserves continued to rise as they had done since July.

LUXEMBOURG

		June	July	August	September	October
Industrial production (1)	1960	114	115	114	115	115
	1958 = 100	1961	118	119	119	.
Output of crude steel	1960	334	350	329	353	348
in thousand tons	1961	361	359	346	352	353
Building and construction (2)	1960	97	96	98	93	92
	1958 = 100	1961	108	110	112	105
Workers employed in industry	1960	46.6	46.5	46.5	46.7	46.6
in thousands	1961	46.9	47.0	47.1	47.2	47.3
Prices to consumers	1960	101.1	100.8	100.8	101.6	101.4
	1958 = 100	1961	101.3	101.3	101.9	101.8

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) Index based on the figure for man-hours worked.

The hopes of a more powerful recovery in the demand for steel, through which the prospect of a somewhat faster rate of economic expansion would have been enhanced, were disappointed in October.

Despite thinner foreign order books in the third quarter, sales abroad of iron and steel in this period were up on the corresponding figure for 1960. In the iron and steel industry the backlog of foreign orders in October, instead of growing as in some States, continued to decline, though only slightly.

The setback in steel output compared with the corresponding period of the previous year, slight as it was, doubtless accounts in the main for the fact that the year-to-year figure for the growth of industrial production, according to the national index, dropped from 5% in August to 2% in September. In October, however, steel output was once again slightly up on the figure for the previous year. The contraction of building activity, which none the less is still at a very high level, did not go beyond the usual seasonal limits.

Because revenue from taxation was so buoyant, the Government has held over the floating of the usual autumn loan; it has also been found possible to cut public indebtedness by 4% since the beginning of the year.

Energy

14. On 26 October 1961 the special Council of Ministers of the ECSC held a meeting devoted mainly to energy problems.

In the main, the energy balance sheet for 1961 was approved by the Ministers, in particular the basic conclusions drawn not only for the current year but also for 1962; the authors had found that the consumption of energy was growing less

rapidly than industrial production, that the consumption of coal was marking time with a slight tendency to fall off, and that the consumption of petroleum was increasing both in absolute terms and in proportion to the total consumption of energy.

There was a discussion on the common commercial policy for coal. It arose out of the presentation of the High Authority's proposals for a co-ordinated policy on imports of coal by the Community, but the discussion moved very rapidly to wider issues.

The discussion showed that though all the Member States still agreed in principle on the need for a Community policy on energy, there was considerable divergence of view on the means to be used in pursuing this objective.

Since the Council was unable to reach agreement, the matter was referred to the mixed committee of the Council and the ECSC High Authority.

Working Party for the study of problems of structure and long-term economic development

15. The Working Party on problems of structure and long-term economic development met in Brussels on 17 October 1961 with M. Pierre Uri in the chair.

It considered the economic surveys and ten-year forecasts submitted by the Commission's staff. In order to enable the general studies to be narrowed down to those of sectors, a table of trade between industries for the Community in 1955 — the base-year of the projections — has been studied by the Working Party.

Working Party on electricity prices

16. The sub-group of the group of experts instructed to study electricity prices met on 30 October to decide upon methods for the inquiry which the group is to conduct for its study of electricity prices to industrial consumers. It devised a set of consumption models, for which a price per kilowatt will be worked out for each country.

Working Party for the comparative study of the budgets of the Member States

17. The Working Party for the comparative study of the budgets of the Member States met in Brussels on 26 and 27 October. Resuming their survey of the functional breakdown of public expenditure, the experts decided to continue analyzing the causes of the differences noted in the comparative figures for this expenditure, classifying them according to functional and economic criteria.

The Working Party also undertook to supplement the studies on public expenditure in 1957 and 1959 with a briefer analysis of the budgetary situation of the six countries for the latest period for which figures were available. Based on the same classifications as previous work, this study will concern the budget forecasts for 1961 and 1962.

THE INTERNAL MARKET

Customs problems

Customs legislation

18. The government experts have continued their work in conjunction with the Commission on the implementation of the Treaty provisions on customs regulations for trade amongst Member States and on the alignment of customs legislations.

a) Trade under the Association Agreement with Greece

19. Experts are drawing up the rules needed for trade under the Association Agreement between the EEC and Greece. The Association Committee of the Permanent Representatives has instructed them to prepare the entry into force of the Agreement in customs matters. Provisions have already been drawn up to implement Protocol No. 2 relating to exports after the date of signature, and they will shortly be submitted to the Greek authorities. Under these provisions reductions may be granted on customs duties for goods imported from Greece before the date of entry into force of the Agreement, but cleared from customs after that date (bonded goods).

For the implementation of Articles 7 and 8 of the Agreement the scope of the reciprocal preferences must be defined and the details laid down for a system analogous to that applicable to movement certificates in the EEC.

b) Alignment of customs legislation

20. A draft recommendation will shortly be submitted to the Commission, proposing uniform rules within the EEC for the tariff treatment of goods re-imported after temporary export for processing, working or repair (passive processing traffic). The proposed system is intended to encourage this kind of traffic in the EEC pending the complete disappearance of customs barriers.

Moreover, recommendations and Council decisions for a uniform system governing non-commercial imports (goods carried by travellers or sent by post) are being prepared. Provided they meet certain conditions, especially with regard to value, imports of this kind are to be either free of duty or subject to a flat rate of 10 %.

All the Customs departments in the Member States have approved this new system, which is in line with the most liberal practice hitherto followed in the Community.

I n c r e a s e o f t a r i f f q u o t a s

21. On 10 October the Commission adopted a decision to increase from 3 to 5 tons the ferro-tungsten (item 73.02 G) tariff quota granted to the Netherlands for 1961.

On 24 October the Commission adopted a decision increasing from 31 000 to 39 000 tons the unwrought lead (item 78.01 A) quota and from 7 700 to 9 000 the unwrought zinc quota (item 79.01 A) granted to the Netherlands for 1961.

22. Also on 10 October the Commission approved a proposal to the Council for an increase from 85 to 130 tons of the tariff quota granted to the Italian Republic for 1961 for vanadium pentoxide (item 28.28 G.I) used for the production of ferro-alloys.

On 13 October the Commission submitted this proposal to the Council, which will examine it at its session of 13 and 14 November.

The Commission further approved a proposal to be submitted to the Council to authorize an increase from 4 100 to 7 000 tons in the tariff quota granted to the Federal Republic of Germany for iron or steel powders (item 73.05 A).

On 15 October the Commission submitted this proposal to the Council which will examine it at its session of 13 and 14 November.

COMPETITION

Rules applicable to enterprises

F i r s t d r a f t R e g u l a t i o n p u r s u a n t t o A r t i c l e s 8 5 a n d 8 6 o f t h e T r e a t y

23. At its session from 16 to 20 October, the European Parliament gave the opinion, in the form of a resolution, for which it had been asked by the Council on 8 December 1960, on the first draft Regulation pursuant to Articles 85 and 86.

In the resolution embodying this opinion the European Parliament recalls the aim of the European Economic Community, which is to promote throughout a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living and closer relations between its Member States; it declares that the establishment of a system ensuring that competition is not distorted in the Common Market is one of the surest means to reach this goal.

It believes that the problem of competition must be regarded as a homogeneous whole, requiring a uniform carefully co-ordinated policy in concept and implementation; in the Parliament's opinion this principle means that no regulation should be made concerning the agreements, decisions or practices listed in Article 85 of the Treaty without finding at the same time at least an equivalent solution for the problem of enterprises holding dominant position in the market (Article 86).

The Parliament is of the opinion that in view of the wide differences in legal and economic concepts among the various countries, only a common solution can facilitate the development of European law on competition, that in consequence at least the rules on competition contained in the Treaty must be uniformly applied in the Six Member States, and that the powers of the EEC institutions and of the national authorities must then be clearly defined.

The Parliament further believes that in the practical application of the rules governing competition :

- i) The effective supervision stipulated by Article 87 (2 b) must take place through the simplest possible machinery and by flexible and realistic administrative practices ;
- ii) That the Regulation must include whatever provisions are necessary to ensure that those who are directly affected by it, and third parties, shall be in no doubt as to the law ;
- iii) The Commission of the EEC must be empowered to declare certain agreements, decisions or concerted practices not incompatible with the provisions of Article 85 (1) ;
- iv) That a solution which as far as possible ensures a smooth transition must be found for existing agreements, decisions or concerted practices.

The Parliament considers it essential that this first Regulation should already contain sanctions to be applied in case of violations of Articles 85 and 86, that the question of compensation for damage resulting from such violations should be uniformly settled as soon as possible, and that with a view to maintaining certainty as to the law, which is essential to the enterprises concerned, to the authorities and to third parties, the measures concerning publication be broadened, without however involving any prejudice to business secrets.

The Parliament finally requests the Commission of the EEC, within a year from the entry into force of the first Regulation, to submit draft regulations for certain specific branches of the economy to which special provisions apply in the Member States.

Interpretation of Article 85 of the Treaty

24. In an award of 30 June 1961, the Court of Appeal at The Hague, deliberating on a judgement of the Court of Rotterdam, requested the Court of Justice of the Communities, in conformity with Article 177 of the Treaty, to give a ruling on a point of interpretation concerning Article 85.

This is the first time that the Court of Justice of the European Communities has had before it a request under Article 177 of the Treaty, which says that the Court of Justice shall be competent to make a preliminary decision concerning the interpretation of the Treaty and on the validity and interpretation of acts of Community institutions. The award will be of great interest for the uniform application of the Treaty rules on competition.

The reasons for referring this case to the European Court of Justice of the Communities were the following :

The proprietor of a German refrigerator firm and his sole representative in the Netherlands had lodged a complaint against a dealer in Rotterdam who had sold the firm's refrigerators in the Netherlands independently of the Netherlands' representative and at prices lower than those charged by him. The plaintiffs claimed that the firm had made it an obligation for its German customers that they should not export these refrigerators to other countries and that the Rotterdam dealer in profiting by a breach of contract had acted contrary to law.

The defendant's case was that agreements of this nature were forbidden and nul and void under Article 85 of the EEC Treaty, and the Rotterdam Court had rejected this view on the grounds that paragraph 2 of Article 85 was not directly applicable as long as the Common Market had not been fully established (or the rules and directives referred to in Article 87 for the implementation of the principles laid down in Articles 85 and 86 had not been issued). It was on this question of interpretation that the case was referred to the Court of Appeal in The Hague.

Fiscal problems

Harmonization of direct taxes

25. On 5 October 1961 a meeting of the heads of the tax administrations of the Member States was held in Brussels under the chairmanship of M. von der Groeben, a Member of the Commission of the Ministers of Finance. The meeting dealt with problems arising as a result of the establishment of the Common Market in connection with direct taxes and charges on capital movements.

It was decided at the meeting to set up three working parties. One to deal with problems of the basis of assessment of direct taxes on enterprises, one to study the possibility of a common fiscal policy vis-à-vis non-member countries, in particular the fiscal treatment of investments from these countries in the EEC, and the third to consider the harmonization or adjustment of charges on capital movements.

State aids

26. A working party has begun to study in the light of the provisions of Article 93 (1) of the Treaty the various general systems of aid to economic development in the Member States. It met on 19 September and on 18 and 19 October.

At the first of these meetings the experts examined, on the basis of documents prepared by the Commission, the various kinds of government aid granted in the form of subsidies.

The second meeting was mainly concerned with a study of aids granted by way of "preferential credits" to enterprises.

27. Continuing its discussion of 19 September, the working party made an initial comparison of the measures applied in each of the Member States either by way of subsidies or preferential credits; this work was based on documents prepared by the Commission.

The working party will meet again on 15 and 16 November to study the aids granted in the Member States by way of interest rebates.

28. Under the terms of Article 93 (3) of the Treaty the Italian Government has notified the Commission of a Bill concerning various aid measures taken to promote economic development in Southern Italy. The text is at present being studied by the Commission.

29. Discussions have taken place with French and German experts on aids proposed for the cinematographic industry. The proposed measures will be subject to a multilateral examination after official notification to the Commission.

Approximation of legislation

30. The second meeting organized by the Directorate General for Competition on the approximation of laws and regulations concerning pharmaceutical products was held in Brussels on 11 and 12 October.

Agreeing on the need for a speedy harmonization of these provisions in order to overcome the present difficulties in the pharmaceutical products market, the delegations from the various nations have reached agreement in principle on the following points: the definition of the terms "proprietary products", "medicine" and "substance"; they have also agreed on the criteria for the registration of proprietary products and on the documents to be furnished to the competent authority for such registration.

The next meeting has been fixed for 13 and 14 December 1961.

SOCIAL AFFAIRS

Employment problems

Occupational training

31. On 3 October 1961, M. Hallstein, the President of the Commission, transmitted to the President of the Council a proposal by the Commission to the Council, under the terms of Article 128 of the Treaty, on the establishment of general principles for

the implementation of a common occupational training policy ⁽¹⁾. The Commission suggested in its covering letter that the European Parliament also be consulted, although Article 128 makes consultation obligatory of the Economic and Social Committee only, and requested that this item be placed on the agenda for the Council's session of 23-25 October 1961.

At that session the Council decided to consult the European Parliament as well as the Economic and Social Committee, as the Commission had suggested. This Council did without previously studying the Commission's proposal.

Application of Article 119

32. The Commission has submitted to the Council the first report on the findings of the Working Party which it set up by agreement with the Council ⁽²⁾ to study problems connected with the application of Article 119 of the Treaty (equal remuneration as between men and women workers).

In this report the Commission first notes that there has been appreciable progress of late in the matter of equal pay and that in some cases a considerable step forward has been taken in certain countries, although it is very difficult to say exactly how far this has gone. But the fact that Article 119 has not yet been given a uniform interpretation by the Governments of the six countries constitutes a stumbling block to further progress. Article 119 can only be properly applied if all the Governments adopt an interpretation on the lines of the Commission's recommendation in July 1960 ⁽³⁾. Since this categorical obligation must be fulfilled under the terms of the Treaty before the end of the first stage of the transitional period, the Commission considers that the Governments should lose no time in adopting all the requisite measures in particular the following:

- a) They should grant to women workers, where this is not yet the case, a right to equal pay which can be upheld in the courts;
- b) They should incorporate in collective bargaining agreements a clause guaranteeing equal pay whenever the Government has a hand in guiding wages policy or is in any event entitled to extend the compulsory enforcement of collective agreements *erga omnes*, any clause to the contrary being then deemed null and void;
- c) Employers' and workers' organizations, which are mainly responsible for implementing Article 119 as regards collective agreements, should be urged to revise and readjust the pay systems in force, omitting all reference to the worker's sex where pay is concerned.

⁽¹⁾ See the Editorial of this Bulletin.

⁽²⁾ See Bulletin No. 6/61, Chapter II, sec. 35.

⁽³⁾ See Bulletin No. 6-7/60, Chapter III, sec. 29.

European Social Fund

33. The Administrative Committee of the European Social Fund held its annual session at Brussels on 13 October 1961 under the chairmanship of M. Levi Sandri, President of the EEC Social Affairs Group.

At this session the Committee approved a first draft list of public boards referred to in Article 18 of Regulation no. 9, which may incur expenditure qualifying for the Fund's support. The Committee then went on to consider several draft opinions concerning retroactive applications for reimbursement connected with occupational training.

Meeting on 6 October 1961, the Committee's Working Party on Occupational Training adopted a draft opinion by the Administrative Committee of the European Social Fund agreeing to a retroactive application from the Italian Republic concerning expenditure on occupational training incurred by the Italian Ministry of Labour.

Social security

The Auditing Committee

34. The Auditing Committee attached to the Administrative Committee for the Social Security of Migrant Workers met in Brussels for its fifth session on 17 and 18 October 1961. The subjects of discussion included, on the one hand, certain difficulties met with in the application of the financial provisions of Regulations Nos. 3 and 4, and, on the other, the procedure to be followed when the social security bodies of the different countries apply for reimbursement from one another after the closing date. The Committee also made suggestions concerning arrangements for provisional payments between the debtor and creditor institutions of the various Member States.

Revision of Regulation No. 3

35. On 27 October, following a request from the Italian Government for the revision of certain clauses of Regulation No. 3 on the social security of migrant workers and in order to improve the working of this regulation, the Commission submitted a draft regulation to the Council concerning the application of Articles 20 (2) and 40 (5) of Regulation No. 3, and amending Article 42 (3).

The Commission's proposal aims at eliminating certain redundant restrictions in Regulation No. 3 whereby the right of migrant workers to certain benefits expires on 31 December 1961. It is proposed that the expiry of the three-year period laid down in Article 20 (2) of Regulation No. 3 on the subject of illness or maternity case benefits in kind should be put forward to the closing date of the second stage of the Treaty in all cases where the worker concerned arrives in the new country of employment more than three years before this date. This provision is also valid for family allowances.

Occupational diseases

36. The Working Party on compensation for occupational diseases contracted by workers in the course of work done in more than one Member State held its third meeting on 4, 5 and 6 October 1961. Several drafts were prepared dealing with conditions for entitlement to benefit, the legislation under which benefit would be granted and apportionment of the cost of benefits granted to sufferers from certain occupational diseases.

These drafts will be studied by the Administrative Committee at its meeting on 22 and 23 November 1961.

Industrial protection for women and young persons

37. The Working Party composed of government experts and representatives of employers' and workers' organizations, which is studying problems connected with industrial protection for women and young persons, met in Brussels for the first time on 17 October 1961.

Using documentary material prepared by the Commission's staff, the Working Party studied the law in force on this subject in each country. It also drew up its future programme and decided to hold its second meeting at the beginning of December.

Social service, an adjunct to social security

38. A symposium, in which the national experts took part, was held in Brussels from 19 to 28 October on the theme "Social Service, an adjunct to social security". It was organized by the Belgian Ministry of National Insurance, the European Office of the United Nations and the International Labour Office, with the co-operation of the EEC Commission.

Various papers were presented by officials of the Commission.

A special meeting was devoted to the EEC's social policy, which was the subject of a paper read by M. G. De Muynck, Director General for Social Affairs.

Housing problems

39. On 9 October the Commission's staff organized a meeting in Brussels with experts from the institutes which had made a survey of the housing conditions of migrant workers in Belgium, the German Federal Republic and France.

This meeting, at which the Statistical Office of the European Communities was also represented, was called to consider the collective report prepared by the Commission's staff on the basis of the three national reports. The Experts from the institutes signified their approval of this summary report.

Study conference with both sides of industry

40. As one of a series of informatory meetings with representatives of the employers' and workers' organizations of the Member States on the social policy of the EEC, the Commission organized a one-day study conference on 9 October at Cologne with the Confederation of German employers' organizations (BDA).

M. Levi Sandri, President of the Social Affairs Group in the Commission, gave an introductory survey of social problems seen from the European angle. The Directors in the General Directorate for Social Affairs then dealt more specifically with their own sectors. This was followed by a broad and fruitful exchange of views.

Free movement of workers

41. Article 47 of Regulation no. 15 on the free movement of workers instructs the Commission to propose directives to the Council for establishing a common list of diseases or disabilities justifying a Member State in prohibiting the entry of a worker and members of his family from another Member State.

On 26 and 27 October the Commission held a first meeting with the medical experts of the governments with a view to drafting such a list.

AGRICULTURE

The common agricultural policy

42. At its session from 23 to 25 October 1961 the Council, on the basis of a report drawn up by the Special Committee for Agriculture, examined the Commission's proposal concerning regulations for setting up a levy system and for the gradual establishment of common market organizations in the grain and pigmeat sectors.

In the course of the discussion several important points were raised which were still a potential source of disagreement. These included: in the grain sector, the system of target prices, the abolition of quantitative restrictions and measures with equivalent effect and the machinery for securing Community preference; in the pigmeat sector, the method of calculating the levy, the abolition of quantitative restrictions and measures with equivalent effect and the policy of market support. The Council decided to instruct the Special Committee for Agriculture to continue studying these questions on the lines indicated during the discussion.

The Special Committee will again report to the Council at its session on 20 and 21 November next when the agricultural problems still outstanding will be considered, as well as the Commission's proposal on objective criteria for fixing minimum prices (Article 44 of the Treaty). The Council proposes to call a second session on 30 November and 1 December next to consider decisions in agricultural matters.

The Agricultural Section of the Economic and Social Committee will hold a three-day session in the interval between these two Council sessions to consider the Commission's proposals.

In addition, the Council decided forthwith to consult the European Parliament (obligatory consultation) and the Economic and Social Committee (optional consultation) on the Commission's proposals concerning the control of bluemould in tobacco and the alignment of regulations in the Member States concerning colouring matters in food products for human consumption.

43. The Special Committee for Agriculture met on 16 and 17 October 1961, when it drafted a report to be presented at the Council session from 23 to 25 October. The Committee also finished its study of a draft regulation to give effect to certain rules of competition applicable to the production of and trade in agricultural products, in accordance with Article 42 of the Treaty. Certain questions of principle concerning this regulation will shortly be referred to the Council, the point being that some delegations have general reservations on the way this regulation is to be linked up with the implementation of measures regarding the common agricultural policy on the one hand and with the adoption of a regulation under Article 87 on the other.

Furthermore, the Council will also be called upon to consider the position of agricultural co-operatives and the problem of applying the Treaty rules on dumping to agriculture.

44. At its session from 16 to 21 October the European Parliament rendered its opinion, as requested by the Council, on the draft regulations presented by the Commission concerning the grain, pigmeat, poultry and eggs sectors and on the Commission's revised proposal concerning objective criteria for fixing minimum prices. ⁽¹⁾

The European Parliament's opinion on the draft regulation for grain

45. In its opinion on the draft regulation for grain ⁽²⁾ the European Parliament approved the Commission's proposals subject to certain changes regarding the procedure for the necessary factors for the functioning of the levy and target price systems. The Commission had proposed that in the preparatory stage threshold prices, target prices, the monthly phasing of target prices, intervention prices and guaranteed prices for hard wheat should be fixed by the Member States in the framework of the regulation. The Parliament accepts this procedure only for the first two years of the preparatory stage, and proposes that these factors be determined by the Commission after consulting the Member States. The same applies to the issue of export and import certificates.

(1) See Chapter "Institutions and Organs", brief account of the debate on agriculture.

(2) For text of draft regulation see Bulletin No. 7-8/61, Annex I.

The same method would be used in calculating the amount of intra-Community levies and those for non-member countries.

As regards the price system for grain, the Parliament proposed not only that a minimum intervention price be fixed, equal to the target price less 7% (in the Commission's proposal the reduction is between 5 and 10%), but also that a maximum intervention price be fixed, equal to the target price increased by 7%; the minimum price would be a guarantee for the farmer, while the maximum price would be the indicator for releasing buffer stocks.

The Parliament also suggested that the Guidance and Guarantee Fund should share in the costs of intervention on the internal market from the second year onward of the system's operation and not from the fourth year only. Turning to the subject of Community preference, the Parliament suggested a new article whereby, if during the transitional period the establishment of the preferential lump sum failed to produce the normal advance to be expected in intra-Community trade, the Commission would take the appropriate steps to bring this about. Finally, the Parliament considered that the compulsory mixing regulations for homegrown grains should be adapted rather than abolished when the levy system came into force.

The European Parliament's opinion on the draft regulations for poultry, eggs and pigmeat

46. The Parliament also proposed, in its opinion on the draft regulation for poultry ⁽¹⁾, eggs ⁽¹⁾ and pigmeat ⁽²⁾, that so far as procedure was concerned, the Commission be given more powers, particularly in fixing sluice-gate prices, calculating the levies and supervising the optional interventions by the Member States on their domestic markets.

For poultry and eggs, the Parliament would like to see some additions to the Commission's proposals, and, in particular that provision be made for intra-Community sluice-gate prices, which the Commission only laid down for pigmeat, and that it should be made possible to adjust the amount of the levy (taking into consideration special conditions and at the request of the Member States).

This amount should normally result from the effect on feeding costs of the difference between the price of coarse grain in the importing Member State and the price in the exporting Member State, plus a measure of protection proper.

For poultry, eggs and pigmeat the Parliament wished to see the price level resulting from the application of the levies and sluice-gate prices taken as guide price which, if the need arose, should be maintained on the market by interventions in the form of stockbuilding export aids or the release of stocks. Furthermore, the Commission,

(1) These draft regulations have been published as a supplement dated July 1961.

(2) For text of draft regulation see Bulletin No. 7-8/61, Annex I.

after consulting the Member States, could suspend imports from non-member countries should such imports be disrupting, or liable seriously to disrupt the markets.

The Parliament proposed a number of other amendments designed to limit the possibility of scaling the levies down by independent action, to place those Member States with relatively high prices in a more favourable position at the moment of refund on exports in intra-Community trade and to strengthen the provisions concerning the maintenance of the Guidance and Guarantee Funds and their intervention in the case of refunds on exports in trade with non-member countries.

The European Parliament's opinion on the Commission's revised proposal concerning objective criteria for the establishment of minimum prices

47. The Parliament approved the Commission's revised proposal concerning objective criteria for the establishment of minimum prices ⁽¹⁾. It was proposed to make additions to three articles without, however, changing the substance of the revised draft decision.

In particular the Parliament proposed that not only technical progress and the development of the common agricultural policy, but also the trend in agricultural incomes, be taken into account in reviewing the objective criteria.

48. At its plenary session on 25 and 26 October 1961 the Economic and Social Committee approved, unanimously with one abstention, the opinion prepared by its Agricultural Section on the Commission's draft proposal for a common policy in the rice sector. In the opinion it adopted the Economic and Social Committee approved the general principles but pointed out that the actual results of the planned common policy might well differ according to the spirit in which they were applied.

It is stressed that it should be possible, within the framework of the Commission's proposals and in the spirit of the Treaty of Rome to establish a fair balance between the various interests.

Having requested that the Commission, in drafting the contemplated regulation, enlist the services of professionals representing the interests in question, the Economic and Social Committee concludes by suggesting a number of minor alterations.

The amendments and additions requested by the Economic and Social Committee include the following: that a different date be set for fixing the annual intervention price (the Committee proposes the end of December instead of the end of November); that the rice section of the European Grain Office should make use of the existing national organizations; that the contribution calculated according to areas cultivated and payable by producers into the rice section of the Guidance and Guarantee Fund be abolished; that the Commission select a system other than that of varying conversion

rates in order to take into account, when fixing the threshold price for imports, the existence of customs duties which differ according to processing stages; that it be made clear that the abolition of restrictions and aids applies to exports as well as to imports. Finally, the Economic and Social Committee requested that the provisions concerning the common market for rice be applied simultaneously with those laid down for the other grains.

DEVELOPMENT AID

Technical assistance for developing countries

49. The Technical Assistance Group for the developing countries, set up in October 1960 by the Council to co-ordinate the policies of member countries and of the Commission in this field, held its sixth meeting in Brussels on 10 October 1961.

Resuming its discussion of problems involved in the presentation and comparability of facts and figures on technical assistance submitted by the Member States and the Commission, the Group adopted the necessary measures to co-ordinate action and avoid overlapping.

The Group also began a discussion on the report submitted by the EEC and Euratom Commissions pursuant to the decision of the Council of 19 October 1960 concerning the establishment of a European development institute ⁽¹⁾. The report contains an inventory of facilities for study and research in connection with the developing countries, and an inventory of facilities for training experts for them.

These two documents take the form of a series of index cards with information in standardized form giving essential facts and figures on the 240 centres and institutes in the six member countries and in the associated countries which replied to the enquiry.

The Group agreed that the Commission should request the national technical assistance departments to help in obtaining replies from the institutes and centres which have not yet sent them in. This should be done before the inventories are brought up to date and published in loose-leaf form. The object is to fill in as far as possible any remaining gaps in these two basic working documents.

Symposium on EEC policy towards the developing countries

50. From 7 to 9 October a large delegation from the Commission led by M. Marjolin and M. Caron, Vice-Presidents, and M. von der Groeben and M. Lemaigen, Members, took part in a symposium organized in Bari in connection with the "Fiera del Levante" by the Italian Government and the National Confederation of Italian Industries.

(1) See Bulletin No. 11/61, Chapter IV, sec. 48.

With M. Emilio Colombo, Italian Minister of Trade and Commerce in the chair, the Bari Symposium brought together 300 leading figures in politics, administration and business in the "Six", the associated countries and the United Kingdom.

The introductory report was drafted by a committee of experts comprising M. Robert Marjolin, a Vice-President of the Commission, M. Hans von der Groeben, a member of the Commission, M. Herman Abs, President of the Deutsche Bank, M. Pierre Moussa, Director of Air Transport in France, M. Albert Kervyn de Lettenhove, Administrator of the Planning Bureau in Belgium, M. Pasquale Saraceno, Professor in the University of Venice, M. Jan Tinbergen, Professor at the Rotterdam School of Economics and M. Pierre Uri, Director of Lehman Bros.

Speaking on behalf of the Commission, M. Robert Lemaignen, President of the Overseas Development Group, expressed his satisfaction that the experts' proposals on the renewal of the association of the overseas countries were almost completely in line with the Commission's views. Looking back over the European Development Fund's years of operation, he stressed the importance of financial aid for the associated overseas countries and emphasized the need to supplement such aid by efforts to ensure regular incomes for farmers.

After two days' discussion the Symposium came to an end with the unanimous adoption of a set of recommendations to the Community Institutions and to the Governments of the Member States. These recommendations urge the pursuit of a resolute development policy taking into account the diversity of levels already reached as well as the efforts of the developing countries themselves, either alone or in groups, to co-operate in solving their problems; the recommendations also suggest the basis on which association with the overseas countries should be renewed.

OVERSEAS DEVELOPMENT

Trade

51. The Commission's staff are continuing their work on quota and tariff problems. Arrangements are being made for a fact-finding meeting of experts from the Member States and from the associated States. The date has not yet been fixed.

In connection with the stabilization of markets for tropical products, the Commission has been pressing forward studies on which to base a policy in this matter. The recent recommendations of Committee No. 1 of the International Study Group on Coffee⁽¹⁾ have been studied from the angle of the contribution that the EEC institutions and the Member States might make to the implementation of the measures planned. It will be remembered in this connection that at its meeting in Washington at the end of September Committee No. 1 confined itself to laying down basic

principles for a long-term agreement on coffee. Several problems, connected in particular with the concrete form of aid from consumer countries, remained outstanding, and efforts are being made to find a solution.

The projects for action to put the cocoa market on a sound footing have also been examined by the Commission, which has on several occasions shown its interest in this problem, notably at the last session of the FAO Study Group on Cocoa at Accra ⁽¹⁾.

Training periods and symposia for nationals of associated overseas states

52. For 1961/1962 300 scholarships have been awarded to nationals of associated African states, and arrangements have been approved for placing the scholarship holders in the various educational establishments in the six member countries.

Two symposia were organized by the Commission in October. The first was held in connection with a study tour of agricultural co-operatives in the EEC countries; it took place in Brussels on 9 and 10 October and was attended by 40 African managers from the National Centre of Agricultural Co-operation. The second symposium was held on 23 and 24 October, again in Brussels, and was attended by 40 students from the diplomacy section of the Institut des Hautes Etudes d'Outre-mer, a group of English-speaking Africans studying in Germany, and a group of Dutch students.

The first phase of the 1961/1962 ⁽²⁾ training period opened on 1 October, and will end on 31 January 1962. A second phase will run from 1 March to 30 June 1962. The Commission hopes that by shortening the length of each phase (four months, instead of nine months as in 1960/1961) it will be able to receive in the course of one academic year a student from each of the EEC associated overseas states and territories.

The trainees now with the Commission come from Cameroun, Gabon, Upper Volta, Senegal, the Somali Republic and Chad.

Nineteen candidates were successful in the examination set by the Statistical Office of the European Community for the award of scholarships in economic statistics. They are nationals of Cameroun (5), Mauritania (1), Niger (1), Ivory Coast (1), Congo (Brazzaville) (1), Ruanda-Urundi (1), Upper Volta (3), Togo (1), and Madagascar (5).

⁽¹⁾ See Bulletin No. 5/61, Chapter III, sec. 7.

⁽²⁾ See Bulletin 7-8/61, Chapter V, sec. 62.

European Development Fund

SOCIAL PROJECTS

53. In October 1961 the Commission approved the financing by the European Development Fund of the following six social projects :

I n t h e R e p u b l i c o f S e n e g a l

Building of a Higher Teacher's Training College in Dakar, which will allow of the training of 100 to 150 teachers annually, with a provisional commitment of 220 million frs. CFA (about 891 000 units of account). For a number of years the United Nations Special Fund will provide staff to run the college.

I n t h e R e p u b l i c o f M a l i

Building of an institute of human biology at Bamako, for a total of 87 million frs. CFA (about 352 000 u.a.).

The completion of this project will enable Mali to meet all its requirements in the field of medical biology research in one establishment directed by the Institut Pasteur of Paris.

I n t h e R e p u b l i c o f D a h o m e y

Systematic prospecting of the territory of Dahomey by aerial survey methods and study of the extent and quality of a lime stone deposit near Arlan for a total sum of 172 million frs. CFA (about 697 000 u.a.).

The proposed studies will provide the basis for detailed investigation and later exploitation of any mineral deposits found.

I n t h e R e p u b l i c o f T o g o

Construction of accommodation for five primary continuation courses with boarding establishments, for a total of 1 250 pupils, and of sheds and equipment for 20 primary schools, for a total sum of 333 million frs. CFA (1 349 000 u.a.).

The aim of these projects is to double the potential recruitment for medium grade supervisory and administrative jobs in Togo and to make primary education homogeneous throughout the country.

I n t h e t e r r i t o r y o f R u a n d a - U r u n d i

Completion of soil studies in the area of Mayaga-Bugesera, with a provisional commitment of two million Ruanda francs (about 40 000 u.a.).

Survey for land improvement schemes in the Nyawarongo Valley, with a provisional commitment of 15 725 000 Ruanda francs (about 314 000 u.a.).

ECONOMIC PROJECTS

54. In the same month the Council, on the proposal of the Commission, approved the financing by the European Development Fund of the following seven economic projects :

I n t h e R e p u b l i c o f M a l i

1. Improvement of the Bougouni-Sikasso-Zégoua road, with a provisional commitment of 1 250 million frs. CFA (about 5 064 000 u.a.).

The section — about 315 km — which is scheduled for improvement is part of an arterial road linking Bamako, the capital of Mali, with the Ivory Coast.

2. Construction of a slaughter-house and cold store at Bamako with a capacity of about 8 000 tons per year and storage space for 140 tons of meat with a provisional commitment of 440 million frs. CFA (about 1 782 000 u.a.).

I n t h e R e p u b l i c o f M a u r i t a n i a

1. Construction of a fishing port at Port-Etienne, with a provisional commitment of 710 million frs. CFA (about 2 876 000 u.a.).

2. Harbour works at Nouakchott, with a provisional commitment of 500 million frs. CFA (about 2 025 000 u.a.).

The scheme is to construct a wharf equipped with cranes, launches, barges and wagons ; a sea-line will be added for the unloading of oil and petrol ; a storage shed and approach road will be built, and water and electricity supplies laid on.

I n t h e R e p u b l i c o f C a m e r o u n

Improvement of the road from Maroua to Mora, with a provisional commitment of 215 million frs. CFA (about 871 000 u.a.). The road will link up a vigorously developing area with the rest of the country.

I n t h e S o m a l i R e p u b l i c

1. The supply of 70 pumps for wells providing water for animals, with a provisional commitment of 3.5 million Somalos (about 490 000 u.a.).

The object is to ensure a constant water supply from a certain number of wells.

2. Improvement and asphaltting of the road from Afgoi to Vittorio d'Africa with a provisional commitment of 15 million Somalos (about 2.1 million u.a.).

**OPERATIONS
OF THE EUROPEAN DEVELOPMENT FUND**

Financing approved as at 31 October 1961

(in thousand units of account)

Countries or territories	Number of projects	Total amount
Congo (Leopoldville)	8	9 384
Ruanda-Urundi	9	2 583
Total	17	11 967
Cameroun	17	16 021
Central African Republic	11	4 398
Comores	5	2 069
Congo (Brazzaville)	5	6 009
Ivory Coast	10	17 495
French Somali Coast	1	742
Dahomey	10	7 692
Gabon	9	8 058
Upper Volta	8	14 806
Madagascar	22	25 563
Mali (former Sudan)	16	14 375
Mauritania	7	9 780
Niger	2	7 290
New Caledonia	4	273
Polynesia	2	2 769
Senegal	7	13 859
Chad	10	11 851
Togo	11	8 060
Réunion	3	1 682
Martinique	1	2 542
Groups of States	1	2 010
Guadeloupe	2	970
Algeria	7	17 680
Total	171	192 294
Somali Republic	4	4 760
Netherlands New Guinea	6	12 487
Grand Total	198	221 508

SIGNATURE OF FINANCING AGREEMENTS

55. During the same period the following financing agreement and codicil were signed :

An agreement with the Republic of Mauritania to finance one social project and one economic project for a total amount of 626 million frs. CFA (about 2 536 000 u.a).

A codicil to an agreement with the Somali Republic to finance a social project, with a total supplementary commitment of 200 000 u.a.

ADMINISTRATIVE AFFAIRS

Statute of Service

56. At the end of October the European Parliament and the Court of Justice rendered the opinion requested them by the Council on the draft statute of service provided for in Article 212 of the Treaty of Rome ⁽¹⁾.

Budget matters

Draft budget of the EEC for the financial year 1962

57. At its session of 23, 24 and 25 October 1961 the Council drew up the preliminary draft budget of the EEC for 1962, which will probably be discussed in the European Parliament during its session of November 1961.

Staff movements and appointments

58. On 27 October the Commission appointed M. Pierre Millet Director General for the Internal Market in succession to M. François Ortoli. Before this appointment M. Millet had been Director of Economic Structure and Development in the Directorate General for Economic and Financial Affairs.

He holds the degree of Doctor of Law (political economy) of the University of Paris and is a former student of the Ecole Nationale d'Administration. M. Millet has successively been "administrateur civil" in the Budget Department in the French Ministry of Finance (1948-1951) and Deputy Director of the International Patent Institute in The Hague (1952-1954).

(1) See Chapter V, A.

From 1955 to 1958 he was head of the Office for the Co-ordination of National Accounts in the Financial and Economic Studies Department of the French Ministry of Finance.

From 1949 to 1951 and from 1955 to 1958 M. Millet was also a lecturer of the Ecole Nationale d'Administration and at the Institut d'Etudes Politiques in Paris.

The Commission has appointed M. C. Segree Head of the Movement of Capital Division in the Directorate General for Economic and Financial Affairs.

Obituary

59. The Commission regrets to announce the death in Geneva on 31 October 1961 of M. Frédéric Donne, Head of the Relations with Customs and Commercial Organizations Division in the Directorate General for External Relations, and leader of the delegation of the Commission and Community to the GATT Tariff Conference. The Commission was represented at his funeral by M. Jean Rey, President of the External Relations Group of the Commission, M. G. Seeliger, Director General, M. Th. Hijzen, Director, and M. J. C. Richard, Executive Secretary of the Commission. The delegations of the Member States of the Community, the Secretariat of the Councils of the European Communities, the Secretariat of GATT and the delegations to the Tariff Conference were also represented.

The death of M. Frédéric Donne is a grievous loss to the Commission for the European Economic Community, who wish to pay tribute to his memory.

VISITS

60. Among the visits paid to the Commission were the following:

Mr. Fowler, President of the Canadian Association of Pulp and Paper Manufacturers and other Canadian industrialists visited M. Rey, President of the External Relations Group of the Commission on 6 October. During their stay in Brussels (5 - 6 October) they also made contact with several senior officials of the Commission.

On 2 and 3 October the Commission received the Japanese "Committee for Economic Development". Headed by M. Yoshimoto Ninomiya, a group of seven prominent Japanese personalities from the world of commerce and industry, who were studying European economic integration, were received by M. Rey and several senior officials.

V. Institutions and organs

A. THE EUROPEAN PARLIAMENT

October session

The presentation and discussion of the following reports were on the agenda for the session of 16 to 20 October 1961 :

- 1) Report on the Statute of Service for the European Institutions (Rapporteur M. M. M. A. A. Janssen) ;
- 2) Report on the Community Tax (Rapporteur M. F. G. van Dijck) ;
- 3) Report on Equal Remuneration for Men and Women Workers (Rapporteur M. Bertrand Motte) ;
- 4) Report on the Establishment of a Levy System and the Organization of the Agricultural Markets (Rapporteur M. René Charpentier) ;
- 5) Report on the Definition of Objective Criteria for Establishing Minimum Price Systems in Agriculture (Rapporteur M. Gaston Thorn) ;
- 6) Report on the Establishment of a Council of European Communities and a European High Commission (Rapporteur M. Maurice Faure) ;
- 7) Report on Procedure for the Conclusion of Accession Agreements (Rapporteur M. Van der Goes van Naters) ;
- 8) Report on the Implementation of Articles 85 and 86 of the Treaty (Rapporteur M. Arved Deringer) ;
- 9) Report on Legislative and Administrative Provisions for Transport (Rapporteur M. Ernst Mueller - Hermann).

Debate on the Statute of Service and the Community Tax

In the debate which followed the presentation of the reports by M. Janssen and M. van Dijck on 16 October, M. Sassen, a member of the Euratom Commission welcomed the fact that the Parliament was examining the draft Statute of Service for the European Communities and the Regulation on the Community Tax.

"In the draft resolution submitted to the Parliament, the Budgets Committee has found a happy solution for the uniform Statute, because this uniform Statute remains possible whilst adhering to the provisions of the Treaties : there can be no question of a common statute, but only of identical Statutes".

M. Wehrer, a member of the High Authority of the ECSC, noted with satisfaction that on behalf of the ECSC the Committee of Presidents had agreed to find a solution

to the Community tax. The Committee would now have to contact the authorities of the EEC and Euratom to reach the agreement which was indispensable if there were to be a uniform system for the staff of the three Communities.

M. Walter Hallstein, President of the Commission of the EEC, presented the Commission's views on the subject. The following are extracts from his statement :

The draft statute, which is the first point to be dealt with in this debate is not a proposal made by the Commission of the European Economic Community or the Commission of the European Atomic Energy Community. But these Executives do have an interest in, and a responsibility for it. They are interested in it because on this statute depends the quality of their officials and on the quality of their officials depends in turn their own efficiency ; they have a responsibility for it because in the terms of the administrative law of our countries the Executives are the employers of our staff.

Let me first touch upon the question of career and promotion. These are of course limited in any international organization.

Therefore the Commission of the EEC is glad to note that the report recommends the adoption of a rule intended to remedy these disadvantages which was established in the ECSC and has proved its value throughout the years. I refer to what is known as the ECSC career system, which enables officials to rise within a bracket of certain previously fixed grades without changing their function.

Secondly, the report shows convincingly that the pay decision of the Councils of Ministers, which dates back as far as November 1959, needs to be reviewed. The staff of the new Communities — the Brussels Communities — at present receives pay equal to that of the ECSC. However, the Councils have decided that under the future statute of service, pay in the European Economic Community and Euratom is to be reduced by an average of 6 %.

There is unquestionably a certain antinomy here. The pay regulations of the ECSC were drawn up in 1952 and have remained substantially unchanged since then. There has only been one small pay raise, in 1957. The report very rightly points out, however, that over the same period wages and salaries evolved considerably in the Member States, the main purpose of the changes being to allow wage and salary earners to share in the growing national product of their countries.

As a result, the originally intended difference between pay in the ECSC and in the civil services of the Member States has been largely levelled out.

Against this background it is easy to see how much more difficult it is bound to become to find suitably qualified personnel, if in addition pay in the new Communities were to be reduced by an average of 6 %, as decided by the Council of Ministers.

The Commission of the European Economic Community is therefore, very grateful to the Administration and Budgets Committee of this House for its urgent recommendation that the salary levels decided on by the Councils of Ministers should be changed.

Thirdly, pension arrangements are a decisive factor in securing the rights of the individual and ensuring the independent exercise of office by completely disinterested standards. Unfortunately I must say that not all the Commission's wishes have been fulfilled in this respect.

I wish to make the point of view of the EEC Commission very clear, that naturally a uniform statute is better than several separate statutes, but that these are better than no statute at all. The position in which our staff find themselves at the moment is that there is no statute of any kind, and that at the end of the fourth year of the life of our Community, and after the not inconsiderable services they have performed for us. I hope therefore there will be no misunderstanding when I say quite clearly that should — contrary to expectation — no agreement be reached by the end of the year on the subject of a uniform statute, we shall continue to insist that at least a statute for the Brussels Communities be approved.

M. Fohrmann (Luxembourg, Socialist) noted on behalf of his group that the Communities had been in existence for four years and the position of their employees had still not been put on a firm basis or their employment guaranteed. The socialist group considered it important that the employees of the Community should be able to perform their work with the requisite independence... The Treaty had laid down that the institutions should carry out their functions with a small and highly qualified administrative staff... If such a staff was wanted, if its composition was to remain stable, and if the officials were to be independent in their work, they must be properly paid. M. Fohrmann fully supported the view of the Budgets Committee that the Councils should immediately undertake a review of salaries.

M. Poher (France, Christian Democrat) submitted on behalf of his group a number of legal arguments concerning certain Articles in the Statute of Service.

The Parliament adopted a Resolution on the Statute of Service to the effect that the draft Statute for the EEC and Euratom must take into account the special features of these Communities. It points out that the Institutions have taken on permanent responsibilities and that the Community's officials must devote themselves entirely to the service of these institutions, and must at the same time retain their independence. It emphasizes that the administrative machinery of the institutions must not be unduly large, whatever the considerations of national representation. It hopes that identical rules will be adopted at an early date, embracing the staff in the institutions of all three Communities, due regard being had to the Statute of Service for the ECSC, which has been in force for several years.

The Parliament also voted a Resolution on the Community Tax, in which it emphasized that the salaries and emoluments paid by the EEC and Euratom as soon as possible be made subject to a tax levied for the Communities.

Debate on agriculture

This was held on 17 and 18 October on the basis of two reports presented on behalf of the Agricultural Committee by M. Charpentier and M. Thorn.

M. Charpentier's report dealt with the draft proposals for the establishment of a levy system and the gradual building up of a common market organization in the grain, poultry meat, pigmeat and egg sectors, proposals on which the Council had consulted the Parliament.

M. Thorn presented a report on the EEC Commission's revised proposal for the definition of objective criteria for the establishment of minimum price systems and for fixing such prices.

The following spoke in the debate :

M. Boscary-Monsservin, the Chairman of the Committee on Agriculture, MM. Dupont, Carboni, Lücker, van Campen, Herr, Sabatini, Engelbrecht-Greve, Richarts of the Christian Democrat Group, MM. Briot, Blondelle and Dulin of the Liberal Group and MM. Vredeling and de Block of the Socialist Group.

The levy system as proposed by the Executive and amended by the Agricultural Committee was approved by most speakers. Some speakers were opposed to the quota system, the interventions and the sluice-gate prices for pigmeat, poultry and eggs.

All speakers stressed that the proposals laid before the Parliament were the first step towards the implementation of a common agricultural policy. The levy system was really a Community method and would put into practice a real preference amongst the six countries. Concurrent decisions must, however, be taken on the approximation of prices and the elimination of distortion in competition.

M. Mansholt, a Vice-President of the EEC Commission, explained that it was essential to make real progress in agriculture by the end of this year. If not, the absence of any decision in this field would lead to a very grave situation. It would also be difficult to move on to the second stage if the levy regulations were not adopted... There was no question, said M. Mansholt, of holding up the implementation of the Treaty provisions because requests for accession had been submitted. On the contrary, it was necessary to go ahead and to continue the implementation of the Treaty. The levy system was only part of the common agricultural policy. The Executive would draw up proposals on structure, social problems and price policy. On this latter point a decision would have to be reached before the levies were applied. No market organization could function without a decision on the fixing of prices.

At the end of the debate the Parliament adopted, on 18 October, the draft opinions contained in M. Charpentier's report.

On grain, the Parliament unanimously adopted the opinion submitted. It approved the Commission's proposals subject to certain changes in procedure. ⁽¹⁾

The opinion on pigmeat, poultry and eggs was adopted by a very large majority, only four votes being cast against it. The opinion proposes that the guarantee to producers

be strengthened and an analogous system be included among the provisions on grain, pigmeat, poultry meat and eggs. ⁽¹⁾

On 19 October the Parliament adopted the opinion contained in M. Thorn's report on the Commission's revised proposal concerning objective criteria for the fixing of minimum prices. The Parliament voted in favour of this proposal. ⁽²⁾

Debate on the first regulation pursuant to Articles 85 and 86

The debate on the draft of the first regulation made under Articles 85 and 86 opened on 19 October. Before M. Deringer presented the report of the Parliament's Internal Market Committee, M. von der Groeben, a member of the Commission, made a statement on the Commission's view of the part to be played by European policy on competition and, consequently, the draft regulation on agreements, in the general economic policy of the Community.

M. von der Groeben recalled that between now and the end of the year, at the end, that is to say, of the first stage, customs duties would be cut by at least 40% and all quantitative restrictions would be abolished : in the new phase the transition from customs union to economic union would be of decisive importance. It would be idle, added M. von der Groeben, to bring down the trade barriers if the Governments or private industry "were to remain free through economic or fiscal legislation, through subsidies or cartel-like restrictions on competition, virtually to undo the desired opening of the markets... If there were no Article 85, business could simply set up international regional cartels by which the nascent European markets could be re-divided into national markets". "In the Common Market", M. von der Groeben continued, "competition has an important part to play as a guiding instrument". As such competition was essential for an economic system where there was private enterprise in which workers chose their place of employment and consumers decided what they wished to consume. An economy organized on competitive lines was in harmony with the Community's federalist structure, since the European institutions had no powers of decision in matters of prices, wages, investment and production planning.

He was further of the opinion that if the Treaty aims were to be achieved, the competitive system could not only do with but in fact called for amplification or even some correction through a common policy on currency and economic developments, an active regional policy, and measures of social policy. Lastly, there were two sectors — agriculture and transport — in which as a result of government action there had for some time been no free play of competition.

M. von der Groeben voiced the Commission's opinion that insistence on the greatest possible freedom in competition would produce the best possible supply conditions for the Community countries. He concluded with some comments on the Commission's

(1) See analysis of the opinion in Chapter IV, sec. 46.

(2) See analysis of the opinion in Chapter IV, sec. 47.

draft, stressing that no uniform policy on competition would be workable in the Community unless certain powers were transferred to the Commission, quite apart from the need for the closest co-operation with the national cartel authorities.

M. Deringer then presented the Internal Market Committee's report concerning the opinion requested of the Parliament by the Council on the draft first regulation under Articles 85 and 86. ⁽¹⁾

Speakers were numerous and 22 amendments were tabled. Two main points of view emerged, one in favour of controlling all agreements and the other urging intervention only against "harmful" agreements. The first was upheld by the Socialist Group supported by the Dutch Christian-Democrats and a section of the German Christian-Democrats, and the second by the French members of the Liberal Group and a number of Italian Christian-Democrats, notable among them M. Sabatini.

M. von der Groeben intervened to point out that the problem of vertical agreements should be studied and would have to be settled in a further regulation; he recalled that the Member States were not unanimous as to the acceptability of vertical agreements, and explained that the Commission had discussed the exclusion of certain branches of business from the application of the Regulation.

Subject to amendments adopted during the debate, the Parliament on 19 October approved the resolution contained in M. Deringer's report.

In its opinion the Parliament gives its approval to the principles laid down by the EEC Commission; these interpret Article 85 as constituting "a prohibition with the possibility of obtaining authorization". Authorization is therefore required to establish an agreement which comes under Article 85 (1) but meets the requirements laid down in Article 85 (3). On the matter of provisional arrangements for existing agreements, the Parliament rejected the Internal Market Committee's proposals and reverted to the Commission's draft regulation. Articles 5 and 6 of the Commission's draft were restored; they refer to provisional arrangements enabling existing agreements to adapt themselves to the provisions of the new regulation. The Parliament further proposed to the Council that the objection procedure (Article 4 of the draft regulation) be retained, which means that an agreement will be provisionally considered as not prohibited under Article 85 of the Treaty unless the Commission objects within six months to an application made under Article 85 (3).

The Parliament also suggested strengthening the powers of the EEC Commission. A proposed alteration in this sense would transfer to the Commission, apart from its exclusive competence to rule on the application of Article 85 (3), the sole power to decide whether Article 85 (1) or Article 86 has been violated. The Parliament also approved the rapporteur's proposals on strengthening the rules concerning publication of agreements. ⁽²⁾

⁽¹⁾ See Bulletin 9-10, Chapter V, sec. 23.

⁽²⁾ See Chapter IV, sec. 23.

Debate on equal remuneration for men and women workers

This debate was held on 20 October. An interim report of the Social Committee prepared by M. Bertrand Motte was presented.

M. Troclet (Belgium, Socialist) said that the fifth paragraph of the resolution submitted stipulates that the date of 1 January 1962, which was implied in Article 119 of the Treaty, must be adhered to. But the Socialist Group was convinced that no satisfactory solution would be found in the time allowed. He thought that the EEC Commission should perhaps be asked to reconsider the question of procedure. The Commission, and possibly even the Council of Ministers, should put more pressure on the governments.

M. Troclet spoke of the great disappointment of the workers at this failure in an important social matter (if the date of 1 January 1962 was not adhere to) particularly as this was the subject of a precise stipulation of the Treaty. This disappointment would have political repercussions because there could be no real integration of Europe without the workers sharing in it.

M. Sabatini (Italy, Christian Democrat) on behalf of his Group supported the proposal of the Social Committee.

M. Levi-Sandri, a member of the EEC Commission, interposed that the obligation flowing from Article 119 concerned not only the governments; rates of pay were also a matter for employers' and workers' organizations and sometimes even tribunals. M. Levi-Sandri added that the Commission had no power to issue rules, give directives or take decisions in this matter; it could only make recommendations to the governments.

The Parliament approved the resolution in M. Motte's report on equal remuneration for men and women workers. The following are extracts from the resolution :

The European Parliament

- i) Approves the interpretation set by the EEC Commission, in its recommendation to the Member States of 20 July 1960, upon the provisions of Article 119 of the Treaty establishing the EEC ;
- ii) Notes the declarations made meanwhile by the EEC Commission to the effect that it adheres to the interpretation contained in its recommendation of 20 July 1960 and proposes to instruct the special group to work on the basis of that interpretation ;
- iii) Draws the attention of the Council of Ministers to the importance of the problem involved in applying the principle of equal remuneration for equal work as between men and women workers ;
- iv) Emphasizes the obligation to adhere to the date of 1 January 1962, implied in the provisions of Article 119 of the EEC Treaty ;

v) Urges the EEC Commission to communicate to the Social Committee at an early date after 1 January 1962 any information pertaining to the application of the measures proposed.

Debate on the merging of the Councils and of the Executives

This debate took place on 20 October. M. Battista, Chairman of the Political Committee, presented a report drawn up by M. Maurice Faure (who was unable to attend the debate) on a draft convention establishing a Council of the European Commissions and a European High Commission, which had been submitted to the Council by the Netherlands' Government.

The question was raised of how many members the High Commission should have. The Netherlands Government's suggestion of 14 members was supported by M. Hirsch, President of the Euratom Commission, M. Schuijt (Netherlands, Christian Democrat) and M. Dehousse (Belgium, Socialist).

The Political Committee's proposal, which was finally adopted by the Parliament, was to fix the quorum at 9 members, in line with EEC Commission's opinion, and was supported by M. Hallstein, President of the EEC Commission, M. Vredeling (Netherlands, Socialist) and M. Jarosson (France, Liberal).

M. Malvestiti, the President of the High Authority of the ECSC put forward the idea of a "functional and geographical decentralization of the High Commission".

In the resolution adopted, the Parliament reaffirms the political desirability and practical necessity to merge the Executives at an early date, and approves the draft convention subject to certain modification including that referred to above.

Debate on the conclusion of accession agreements with non-member countries.

The report on the procedure to be observed in the conclusion of accession agreements was presented by M. van der Goes van Naters and led several speakers to express regret that the EEC Commission had not been entrusted with conducting the negotiations with Great Britain and Denmark.

The following resolution was unanimously adopted by the Parliament.

The European Parliament

- i) Having noted with satisfaction the request for the opening of negotiations with a view to the accession to the European Economic Community submitted by the United Kingdom, and similar steps taken by other non-member countries;
- ii) Regretting that the Commission has not yet been entrusted with conducting negotiations in connection with the preparation of accession agreements, considers it essential, in order to preserve the Community character of the procedure, that the EEC Commission be fully associated with the negotiations, and that in view of the

consultation provided for in the Treaty on several aspects of the negotiations, the Parliament be regularly informed in the most suitable manner ;

iii) Notes with satisfaction that the Council and the governments concerned have decided that any application for accession to the EEC implies accession to the other two Communities, namely the ECSC and Euratom ;

iv) Insists that the Community spirit of the Treaties of Rome and Paris shall not be jeopardized, in matters of substance or of procedure.

Debate on transport

On 20 October the Parliament also heard a report presented by M. Müller-Hermann on behalf of the Transport Committee on the draft decision submitted by the EEC Commission to the Council concerning a preliminary examination of the laws and regulations of the Member States in the field of transport and the consultation procedure envisaged. After a short debate the Parliament adopted a resolution approving the draft decision whilst expressing the opinion that the consultation procedure should also apply to the transport of gaseous, liquid or solid substances by pipeline.

B. THE COUNCIL

The Council of the European Economic Community held its 53rd session in Brussels on 23, 24 and 25 October, M. Müller-Armack, Under-Secretary of State at the Ministry for Economic Affairs of the Federal Republic of Germany was in the chair and the President and Members of the Commission were present.

The following questions were discussed :

Applications for membership of the European Economic Community submitted by the Governments of Great Britain, Denmark and Ireland

The British application : The Council held a discussion following the meeting in Paris on 10 October with the British Government, and agreed on the programme of work for the opening — fixed for 8 and 9 november 1961 in Brussels — of the negotiations proper.

The Danish application : The Council held a discussion preliminary to the first meeting with the Danish Government, fixed for 26 October in Brussels.

The Council agreed to suggest to the Danish Government a date early next January for the opening of the negotiations proper.

The Irish application : The Council approved the terms of the reply to the application for membership of the Community submitted by Ireland on 31 July 1961.

This reply includes an invitation to the Irish Government to a first meeting with the Governments of the Member States. This would take place in Brussels early in January 1962.

Association of Turkey with the Community : After a full discussion the Council unanimously agreed on a basis for further negotiations with the Turkish Government. The negotiations will be resumed by the Commission at a date to be agreed with the Turkish Government.

Association of Surinam with the Community : In accordance with the decision taken at its previous session to admit Surinam to the benefits of the Association system laid down in Part Four of the Treaty and in the Implementing Convention for the overseas countries and territories, the Council held a discussion with the Commission on the necessary arrangements.

Meeting subsequently in the Council, the Member Governments agreed that the Kingdom of the Netherlands should deposit a further instrument of ratification making Part Four of the Treaty of Rome applicable to Surinam.

Association of the Netherlands Antilles with the Community : The Council instructed the groups of experts of which M. Rey is Chairman to seek a definite solution to the problems arising in connection with petroleum products and to submit a proposal to the Council at the latter's session of 13 and 14 November. ⁽¹⁾

Associated overseas states : The Council continued the discussions which it had begun at the previous session on future relations between the Community and the associated African states and Madagascar.

It emerged from the discussion that in their approach to certain major problems the Member Governments were in agreement or could soon reconcile their differences.

The Council instructed the Committee of Permanent Representatives to prepare for its next session on 13 and 14 November a report setting out the principles which might be proposed to the associated African states and Madagascar at the ministerial meeting which will take place in Paris on 6 and 7 December between the Council of Ministers and the competent Ministers from Africa and Madagascar.

Tariff negotiations within GATT : M. Rey, a member of the Commission, gave an account of the tariff negotiations in progress in Geneva. The Council decided to re-examine these questions at an ad hoc meeting fixed for 6 November 1961.

Agriculture : On the basis of a report from the Special Committee for Agriculture, the Council examined the Commission's proposed regulations for a levy system and for the gradual introduction of a common market : organizations in the grain and pigmeat sectors. The Council instructed the Special Committee for Agriculture to

continue studying these questions and to report again on 20 and 21 November at a session of the Council to be devoted to agriculture.

In accordance with the programme of work it drew up at its session of 24 and 25 July 1961 ⁽¹⁾ the Council decided to hold a second session on 30 November and 1 December 1961 to consider the decisions to be taken on agricultural matters.

Examination of the Commission's proposal regarding objective criteria for the fixing of minimum prices (Article 44 of the Treaty) was held over to the session of 20 and 21 November 1961.

The Council decided to consult the European Parliament and the Economic and Social Committee forthwith on the Commission's proposals for the control of bluemould in tobacco and the approximation of regulations in the Member States concerning colouring matters in foodstuffs for human consumption.

Abolition of restrictions on freedom of establishment and freedom to supply services : The Council approved the General Programmes for the abolition of restrictions on freedom of establishment and on the free supply of services. The approval of these Programmes represents an important milestone along the road to integration. ⁽¹⁾

Implementation of Article 119 of the Treaty : The Council examined the Commission's progress report on its work in connection with Article 119 of the EEC Treaty (equal pay for equal work). It was agreed to come back to this matter after consideration of suggestions made in discussion by the Governments, the Commission and the special Working Party.

Committee of the European Social Fund : The Council has appointed M. Bruno Corti, National Secretary of the Italian Labour Union, to the Committee of the European Social Fund in succession to M. Enzo dalla Chiesa, who has resigned. M. Corti will sit on the Committee for the remainder of M. dalla Chiesa's term of office, i.e. until 26 September 1962.

Consultative Committee provided for in Regulation No. 15 on the free movement of workers : The Council has appointed the members and alternates of the Consultative Committee provided for in Regulation No. 15 on the free movement of workers within the Community.

A common policy on occupational training : In accordance with Article 128 of the Treaty, the Council decided to consult the Economic and Social Committee and the European Parliament on the Commission's proposal concerning general principles for the implementation of a common policy on occupational training.

Draft EEC budget : The Council established the draft budget of the European Economic Community. It will be tabled in the European Parliament before 31 October 1961.

⁽¹⁾ See Chapter I.

Transfers of appropriations : The Council approved the transfers of appropriations from Chapter to Chapter requested by the EEC Commission.

The EEC and EAEC Councils have decided to refer to the Committee of Permanent Representatives the opinions and resolutions adopted by the European Parliament at its October session.

C. THE COURT OF JUSTICE OF THE EUROPEAN COMMUNITIES

The term of office of the three Judges and the Advocate General (M. Delvaux, M. Hammes, M. Catalano and M. Roemer) was recently extended by the representatives of the governments of the Member States and will now run from 7 October 1961 to 6 October 1967.

At its meeting of 11 October 1961 the Court of Justice elected M. A. M. Donner, President as from 8 October 1961 to 7 October 1964.

At the same meeting the Court elected M. O. Riese to be President of the First Chamber and M. J. Rueff to be President of the Second Chamber, both appointments to run for one year.

At present the Chambers are composed as follows :

First Chamber : M. O. Riese, President ; Judges : MM. L. Delvaux and N. Catalano ; Advocate General : M. M. Lagrange.

Second Chamber : M. J. Rueff, President ; Judges : MM. C. H. L. Hammes and R. Rossi ; Advocate General : M. K. Roemer.

The Court further decided that for a period of three years the First Chamber should be competent to hear cases brought by officials of the Communities.

D. THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee held its 17th session on 25 and 26 October in Brussels under the chairmanship of M. Rosenberg.

On the first day the Committee prepared an opinion on the draft decision submitted by the Commission to the Council concerning the preliminary examination of provisions of the Member States in the field of transport and consultation procedure in this matter. The Council had requested this opinion of the Economic and Social Committee on 26 July 1961.

M. Schaus, a member of the Commission and President of its Transport Group, attended the meetings of the Committee.

The opinion rendered was unanimous. The Committee fully approves the consultation procedure proposed by the Commission. It nevertheless feels that the consultation procedure will not yield all the desired results until the basic principles of the common transport policy have been worked out. The Committee further hopes that this procedure will be applied not only to measures taken by the Member States in the rail, road and inland waterways sectors but also to pipeline transport of gaseous, liquid or solid substances.

M. Schaus expressed his satisfaction with this opinion and hoped the Council would be able to pronounce on the Commission's proposals at its session of 28 November 1961. On the second day the Committee drew up its opinion on the Commission's draft proposal for a common policy in the rice sector. The opinion was unanimous, with one abstention.

The opinion approves the general principles underlying the Commission's draft proposal for rice, but points out that the actual results of the common policy envisaged in the draft proposal may be somewhat different according to the spirit in which these principles are observed, the measures adopted and their practical application. The opinion also refers to the report of the Committee's agricultural section which contains the comments, reservations or positions adopted on particular aspects by members of the various Groups.

At this session the Committee heard a general statement from M. Mansholt on the common agricultural policy.

The Committee decided to hold its next session, which would be devoted to energy problems, on 15 December 1961. The Committee will return to questions of agricultural policy towards the end of January 1962.

E. THE MONETARY COMMITTEE

The Monetary Committee met on 3 and 4 October 1961. Continuing its periodical review of the monetary and financial situation of the Community countries, the Committee examined the situation in France and the Netherlands. It also studied recent trends in the other EEC countries.

PUBLICATIONS OF THE EUROPEAN ECONOMIC COMMUNITY

A. List of publications concerning the activities of the European Economic Community, appearing in the Official Gazette ⁽¹⁾ of the European Communities from 28 October - 20 November 1961

EUROPEAN PARLIAMENT

Written questions and answers

No. 47 de M. Braccesi à la Commission de la C.E.E. Objet : Mise en œuvre des propositions du Comité d'action pour les Etats-Unis d'Europe (No. 47 by M. Braccesi to the Commission of the EEC. Subject : Implementation of the proposals of the Action Committee for the United States of Europe).

No. 70 p. 1269/61

No. 48 de M. Vredeling à la Commission de la C.E.E. Objet : Exportation de beurre en provenance des Pays-Bas et de la Belgique vers l'Italie (No. 48 by M. Vredeling to the Commission of the EEC. Subject : Export of butter from the Netherlands and Belgium to Italy).

No. 70 p. 1670/61

THE COUNCIL

INFORMATION

Décision du Conseil concernant une procédure de consultations sur les négociations des accords relatifs aux relations commerciales des Etats membres avec les pays tiers et sur les modifications du régime de libération à l'égard des pays tiers (Decision on the procedure for consultation concerning negotiations for trade agreements between Member States and non-member countries, and for changes in liberalization arrangements affecting non-member countries).

No. 71 p. 1273/61

Décision du Conseil relative à l'unification de la durée des accords commerciaux avec les pays tiers (Decision on standardization of the duration of trade agreements with non-member countries).

No. 71 p. 1274/61

THE COMMISSION

INFORMATION

Décision de la Commission relative à l'autorisation accordée à la République italienne, en application de l'article 226 du Traité, pour une période d'un an à compter de la date de la notification de la présente décision, d'effectuer, pour l'iode (position du tarif italien 28.91d) un rapprochement de 20 % au lieu de 30 % vers le tarif douanier commun (Decision under Article 226 of the Treaty, authorizing the Italian Republic to operate, for one year from the date of notification of the decision, an approximation of 20% instead of 30% towards the common tariff for iodine (heading 28.91d of the Italian tariff)).

No. 75 p. 1453/61

Décision de la Commission relative à l'autorisation accordée à la République italienne, en application de l'article 226 du Traité, de maintenir pour une période d'un an, à compter de la date de la notification de la présente décision, les droits spécifiques minima en vigueur au 2 mars 1960 pour le plomb brut (position du tarif italien No. 78.01 a) et le zinc brut (position du tarif italien No. 79.01 a). (Decision under Article 226 of the Treaty, authorizing the Italian Republic to maintain, for one year from the date of notification of the decision, the specific minimum duties in effect on 2 March 1960 for unwrought lead (heading 78.01 a of the Italian tariff) and unwrought zinc (heading 79.01 a of the Italian tariff).

No. 75 p. 1455/61

Décision de la Commission relative à l'autorisation accordée à la République italienne, en application de l'article 226 du Traité, de maintenir pour une période d'un an, à compter de la date de la notification de la présente décision, le régime actuel d'approvisionnement du marché national pour les soufres de toutes espèces, à l'exclusion du soufre sublimé, du soufre précipité et du soufre colloïdal (position du tarif italien 25.03) et pour le soufre sublimé ou précipité et le soufre colloïdal (position du tarif italien 28.02). (Decision under Article 226 of the Treaty, authorizing the Italian Republic to maintain, for a period of one year from the date of notification of the decision, the present arrangements for the supply of the domestic market with sulphur of all kinds other than sublimated sulphur, precipitated sulphur and colloidal sulphur (heading 25.03 of the Italian tariff) and with sublimated or precipitated sulphur and colloidal sulphur (heading 28.02 of the Italian tariff).

No. 75 p. 1456/61

Décision de la Commission relative à l'autorisation accordée à la République italienne, en application de l'article 226 du Traité, de maintenir pour une période d'un an, à compter de la date de la notification de la présente décision, les droits de douane en vigueur à la date du 2 mars 1960 à l'égard des pays membres de la Communauté Economique Européenne, pour le sulfure de carbone (position du tarif italien 28.15 b) et pour le sulfure de sodium (position du tarif italien ex 28.35 a) et à l'égard des pays tiers pour le sulfure de carbone (position du tarif italien 28.15 b). (Decision under Article 226 of the Treaty, authorizing the Italian Republic to maintain for a period of one year from the date of notification of the decision the customs duties in effect on 2 March 1960 vis-à-vis the Member States of the European Economic Community for carbon sulphate (heading 28.15 b of the Italian tariff) and sodium sulphate (heading ex 28.35 a of the Italian tariff) and vis-à-vis non-member countries for carbon sulphate (heading 28.15 b of the Italian tariff).

No. 75 p. 1457/61

Décision de la Commission portant octroi d'un contingent tarifaire à la République italienne. (Decision granting a tariff quota to the Italian Republic).

No. 75 p. 1459/61

The European Development Fund

Résultats des appels d'offres Nos. 84, lancé par la République du Mali, lancé par la République du Gabon, et 113 lancé par la République du Tchad. (Results of calls for tenders Nos. 84, issued by the Republic of Mali, 106, issued by the Republic of Gabon, and 113, issued by the Republic of Chad).

No. 69 p. 1264/61

- Avis d'appel d'offres No. 153 lancé par la République Malgache pour un projet financé par la C.E.E. (Notice of call for tender No. 153, issued by the Malagasy Republic, for a project financed by the EEC). No. 69 p. 1265/61
- Avis d'appel d'offres No. 154 lancé par la République togolaise pour un projet financé par la C.E.E. (Notice of call for tender No. 154, issued by the Togo Republic, for a project financed by the EEC). No. 70 p. 1271/61
- Avis d'appel d'offres No. 155 lancé par la République Malgache pour un projet financé par la C.E.E. (Notice of call for tender No. 155, issued by the Malagasy Republic, for a project financed by the EEC). No. 71 p. 1276/61
- Avis d'appel d'offres No. 156, lancé par la République du Tchad pour un projet financé par la C.E.E. (Notice of call for tender No. 156, issued by the Republic of Chad, for a project financed by the EEC). No. 71 p. 1278/61
- Avis d'appel d'offres No. 157 lancé par la République du Mali pour un projet financé par la C.E.E. (Notice of call for tender No. 157, issued by the Republic of Mali, for a project financed by the EEC). No. 72 p. 1282/61
- Additif à l'appel d'offres No. 156 lancé par la République du Tchad pour un projet financé par la C.E.E. (Addendum to call for tender No. 156, issued by the Republic of Chad, for a project financed by the EEC). No. 72 p. 1284/61
- Approbation d'investissements de caractère social dans les Républiques togolaise, du Mali, du Dahomey, du Sénégal et au Territoire du Ruanda-Urundi (Approval of social investments in the Republics of Togo, Mali, Dahomey and Senegal and in the Territory of Ruanda-Urundi). No. 74 p. 1492/61
- Approbation d'investissements économiques dans la République du Mali et la République somalienne (Approval of economic investments in the Republic of Mali and the Republic of Somali). No. 74 p. 1430/61
- Approbation d'investissements économiques dans la République du Cameroun et la République Islamique de Mauritanie (Approval of economic investments in the Republic of Cameroun and the Islamic Republic of Mauritania). No. 74 p. 1431/61
- Avis d'appel d'offres No. 158 lancé par la République gabonaise pour un projet financé par la C.E.E. (Notice of call for tender No. 158, issued by the Gabon Republic, for a project financed by the EEC). No. 74 p. 1431/61
- Résultats des appels d'offres Nos. 41 lancé par la République du Niger, 57 lancé par la République du Cameroun, 91 lancé par la République Centrafricaine, 98 lancé par la République Malgache, 105 lancé par la Nouvelle Guinée Néerlandaise (Results of the calls for tender Nos. 41, issued by the Republic of Niger, 57, issued by the Republic of Cameroun, 91, issued by the Central African Republic, 98, issued by the Malagasy Republic, and 105, issued by Netherlands New Guinea). No. 75 p. 1460/61
- Signature de conventions de financement entre la C.E.E. et la République somalienne et entre la C.E.E. et le Territoire du Ruanda-Urundi (Signature of financing conventions between the EEC and the Republic of Somalia and between the EEC and the Territory of Ruanda-Urundi). No. 75 p. 1462/61
- Additif à l'appel d'offres No. 155 lancé par la République Malgache (Addendum to call for tender No. 155, issued by the Malagasy Republic). No. 75 p. 1462/61

THE COURT OF JUSTICE

Decisions

Election du Président de la Cour (Election of the President of the Court). No. 69 p. 1257/61

Election des Présidents et composition des Chambres ; affectation d'un avocat général à chacune des Chambres ; répartition des affaires (Election of the Presidents of the Chambers and composition of the Chambers ; appointment of an advocate-general to each Chamber ; assignment of business). No. 69 p. 1257/61

A. Occasional publications :

EEC — ECSC

Tableaux comparatifs des régimes de sécurité sociale applicables dans les Etats membres des Communautés européennes (au 30 juin 1961) (Comparative tables showing the social security systems applicable in the Member States of the European Community (as at 30 June 1961).

Régime général (General system).

1961. 66 pp. French (German, Italian and Dutch being printed) (Offset).

La politique dans la C.E.E. à l'égard des pays en voie de développement. (EEC policy relating to developing countries).

Address by M. Robert Lemaignen — member of the Commission of the EEC (Symposium at Bari from 7 to 8 October 1961) 11 pp. (French, German, Italian and Dutch) (Offset).

Address by M. von der Groeben to the European Parliament on 19 October during the debate on the draft Regulation pursuant to Articles 85 and 86 of the Treaty establishing the EEC. 1961. 12 pp. (French, Italian, Dutch and English).

B. Periodical publications :

Graphiques et notes rapides sur la conjoncture dans la Communauté (Graphs and Notes on Economic Trends in the EEC).

11/61 — bilingual : French/Italian ; German/Dutch.

Joint Press and Information Service

Bonn : Europäische Gemeinschaft (weekly) ;

The Hague : Europese Gemeenschap, No. 32, November 1961 ;

Paris : Communauté européenne, No. 11, November 1961 ;

Rome : Comunità Europea, No. 10, October 1961 ;

London : European Community, No. 6, September 1961 ;

Washington : European Community, No. 49, October 1961.

Statistical Office of the European Communities

Bulletin général de statistiques No. 10/1961 (General statistics).

Bulletin général de statistiques No. 11/1961 (General statistics).

Commerce extérieur : Statistique mensuelle No. 10/1961 (Monthly external trade statistics).

Statistiques agricoles No. 3/1961 (Agricultural statistics).

Informations statistiques No. 3/1961 — juillet/septembre (Statistical information).

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ANNEX I

General principles for the implementation of a common policy on occupational training

(Proposal of the Commission to the Council)

INTRODUCTORY NOTE

a) Legal bases

1. Article 128 of the Treaty establishing the EEC lays an obligation on the Council of the Community to establish, on a proposal of the Commission and after the Economic and Social Committee has been consulted, "general principles for the implementation of a common policy on occupational training capable of contributing to the harmonious development both of national economies and of the Common Market".

The first question to be answered in interpreting this provision is whether the act of the Council involves legal obligations for the Member States.

Here it must be observed that Article 128 would be robbed of all substance if the Member States did not have to observe the principles established by the Council under this Article: planning a common policy on occupational training whose principles did not bind the Member States would amount in effect to establishing no common policy at all in this field. It is obvious that the expression "general principles" involves rules of conduct and the achievement of concrete results. The act of the Council is therefore one which will be binding on the Member States by reason of the pledges they have given in Article 5 of the Treaty; this means that the Member States, must, in the field of occupational training bring their attitudes and actions into line with the general principles which will be approved.

It is clear in the second place from Article 128 that though it is for the Council to establish the general principles of the common policy, the Member States have the responsibility of taking the necessary measures

to give effect to these principles within their own frontiers.

After the Council's decision, the competent national authorities must therefore consider ways and means of fulfilling this obligation. Here the Governments have a wide freedom of choice, provided that the general principles are put into effect in each of the six countries. Moreover, it will probably be found useful if the concrete measures to be taken by the Member States to implement the general principles are specified by acts of the Community institutions.

In this connection, two observations are called for. Firstly, the advisability in certain cases of concerted action by the Member States or some of the Member States should be considered. This contingency may arise, in particular, if the objective established is not such as can be attained in each of the Member States separately but is one that calls for common action. There is no question but that such common action accords with the wording "implementation of a common policy" used in Article 128.

Again the role that the Commission will be able to play in stimulating common action and bringing it to a successful conclusion should be stressed. Without prejudice to the scope for action afforded by Article 118 of the Treaty, the Commission has clearly-defined work to do on the basis of Article 128. Specific functions may also be assigned to it under Article 121.

As for the field of application of Article 128, its terms leave no room for doubt as to the persons for whom the common policy is intended. The expression "common policy on occupational training" is to be understood in its widest sense and concerns therefore all those who are, or will be, engaged in a gainful activity, whether as wage-earners or

self-employed workers, without prejudice to the measures which will be adopted for the latter under the provisions of the Treaty concerning the right of establishment.

2. A close study of the wording of Article 128 throws further light on the importance of the provisions which provide the basis for action to be taken in this field.

In this connection, the Commission, having weighed carefully the significance of each expression used in the Article, takes the view that :

a) The expression "general principles" does not mean abstract statements laying vague moral obligations on the Member States ; on the contrary it is to be understood in a concrete sense. The question is, then, one of establishing rules of conduct with regard to policy on occupational training and of settling the broad lines of common action, consistent with the necessarily pragmatic nature of any definition of policy ;

b) The expression "implementation" is linked here with the notion of progressive development which is also referred to explicitly in other Articles of the Treaty, on subjects closely connected with occupational training, such as the free movement of workers. The expression refers therefore to all the preparatory work which serves to determine the lines of political action and to ensure its progressive improvement and development ; these are therefore not principles to be defined once and for all, but rather general ideas to be adapted to the requirements of each situation ;

c) The expression "common policy" concerns a co-ordinated set of measures, concerted action, plans and programmes for occupational training, prepared, implemented, co-ordinated and supervised as to results with a constant concern to adapt the common and individual activities of the Member States to the requirements stemming from a study of the actual situation according to uniform principles against a Community background.

d) The expression "occupational training" refers not only to manpower in a narrow sense, but, more generally, to all individuals engaged in gainful activity : the development both of the national economies and of the Common Market demands the active participation of both workers and staff of all grades ;

e) The expression "harmonious development" refers to the national economies as well as to the Common Market as a whole. It is to be interpreted in the light of the general principles of the Treaty and, in particular, of the statements contained in the Preamble and of the objectives set out in Article 2 : according to this Article the Community has the task of promoting, through the establishment of a common market and the progressive approximation of the economic policies of the Member States, the harmonious development of economic activities throughout the Community. Such harmonious development, according to the Preamble, must aim at reducing the differences existing between the various regions and at remedying the backwardness of the less favoured ; the expression "harmonious development" therefore implies an undertaking to exploit to the full the resources of all geographical regions and in all economic sectors, even those which for structural reasons can benefit only partially from the impetus of a wider market.

3. The Treaty of Rome contains other provisions which refer explicitly to occupational training. Articles 118 and 41 of the Treaty contain provisions under which the Community is called on to play an essential role in the common field of occupational training.

Article 118 includes occupational and further training among the spheres in which the Commission has the aim of promoting "close collaboration between Member States" : the same Article adds that this duty must be carried out by means of studies, the issuing of opinions and the organizing of consultations, "both on problems arising at the national level and on those of concern to international organization".

Article 41 of the Treaty, which deals specifically with occupational training in

agriculture, provides, in order to permit the attainment of the objectives of the common agricultural policy, for an effective co-ordination of efforts undertaken in the spheres of occupational training, research and agricultural advisory services, which may involve projects or institutions financed jointly.

Problems in occupational training for agriculture are however of the same nature as those on occupational training in general; for this reason it may be assumed that in the implementation of Article 41 the tasks assigned to the Community, and more especially the Commission, by Articles 118 and 128 must be taken into account, and the converse also holds good.

4. Articles 49 and 50 of the Treaty of Rome, and the provisions of the Protocol concerning Italy, may also be considered as having a certain bearing on occupational training. The same is true for Article 123 of the Treaty which mentions, among the objectives of the European Social Fund, the promotion of the occupational mobility of workers.

Article 49 of the Treaty provides, *inter alia*, for the establishment of appropriate machinery for connecting offers of and request for employment, with a view to balancing them in such a way as to avoid serious threats to the standard of living and employment in the various regions and industries. The results achieved by this machinery will very largely depend on the implementation of an effective common policy and on occupational training.

The application of Article 50, which says that the Member States shall encourage, under a common programme, the exchange of young workers, is only conceivable in the wider framework of a common occupational training policy.

Moreover, the link between the definition of a common training policy and the European Social Fund's objectives — which include the promotion of the occupational mobility of workers (Article 123 of the Treaty) — is confirmed by the provisions of Article 1 of the Regulation on the Fund.

Lastly, specific measures for occupational training may be contemplated in the framework of the common transport policy dealt with in Article 75 of the Treaty, as the Commission has already pointed out in its memorandum on the general lines of that policy.

5. The common occupational training policy is not only one of the fundamental aspects of the co-ordination of economic and social policies to be carried out within the European Economic Community, it is also part of the responsibilities of the other European Communities and for this reason calls for concerted action by the three Executives.

Articles 56 and 69 of the Treaty establishing the European Coal and Steel Community, and Article 9 of the Euratom Treaty have a bearing on the implementation of occupational training measures.

b) Social and economic considerations and practical aspects

6. Under Article 104 of the Treaty of Rome the Member States commit themselves to pursuing the economic policy necessary to attain certain general objectives, among which is mentioned explicitly a high level of employment.

The common policy of occupational training is a most important means of creating a social situation to harmonize with a full employment policy. This common policy would be complementary to the action which the Member States and the Community institutions are to develop in order to promote general economic expansion.

Occupational training, in its usual form as long-term training for young people or in the form of rapid course for the training or re-training of adults, makes a connecting link between demographic and technological development. Training makes it possible to distribute the working population according to the requirements of an expanding economy. It is consequently, a basic factor in a dynamic employment policy capable of

strengthening the trends emerging in general economic development and in the progress of production techniques.

Even an economic policy which gives priority to creating the greatest possible number of new jobs might prove ineffective if the available manpower lacked the appropriate training.

7. The free movement of workers in the Community tends in fact to encourage greater geographical mobility. Although the Commission considers this an important instrument of general employment policy, free movement cannot be fully achieved, as provided for in the Treaty, without common action by the Member States in the field of occupational training: the occupational mobility of labour has a far-reaching influence on its geographical mobility; something must therefore be done to establish a correspondence between the demand for employment and the kinds of employment offered. The manpower reserves actually available in the Community consist to a great extent of unskilled workers or agricultural workers, whereas the severest labour shortages often occur in sectors where highly skilled work is required.

8. Moreover, in the implementation of national development policies, the free movement of workers in the Community can only make a limited contribution towards solving regional problems, particularly those of under-developed areas, to which the Community is giving particular attention.

For this reason, the aim being maximum employment, and a narrowing of disparities between Community areas, an occupational training policy is required which will facilitate industrial development in certain areas by improving the quality of skilled labour, thus encouraging a more balanced geographical distribution of economic activities. Such an occupational training policy will also help to bridge the gaps between

the living and working conditions of workers in different economic sectors.

9. The technical training of supervisory staff and non-manual workers is another matter calling for special attention.

An effort must be made in the training and higher training of teachers and instructors in general. The proper training of such staff, the shortage of whom today causes a bottleneck in economic development, is an essential factor for the success of any policy of occupational training. There is also a need for more medium and higher-grade qualified staff and university trained technicians such as engineers, physicists, chemists, pharmacologists, etc., who are becoming more and more highly specialized and form an evergrowing proportion of the total staff of firms, in most economic sectors.

10. Lastly it must not be overlooked that the common occupational training policy involves, apart from its technical objectives, systematic efforts for cultural advancement which of its nature is bound up with a far-reaching improvement of working and living conditions. In this respect the common occupational training policy constitutes one of the main factors for equalizing living and working conditions of labour in an upward direction as called for by Article 117 of the Treaty.

11. In working out the principles set forth in the following pages, the Commission has based itself on an objective survey of the present situation with regard to occupational training in the member countries.

The proposals are based on common requirements in this field and due account has been taken of the work already done and the suggestions of those responsible for occupational training in the six countries. The Commission has also made full use of the research and experimental work carried out by the other two European Communities and by ILO and OEEC.

Draft order setting out general principles for the implementation of a common policy on occupational training

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Noting the provisions of the Treaty establishing the European Economic Community, and particularly Article 128 thereof ;

Noting the proposal made by the Commission ;

Noting the opinion of the Economic and Social Committee ;

Noting the opinion of the European Parliament ;

Considering that the obligation laid on the Member States by Article 104 of the Treaty to implement an economic policy which will ensure among other things the maintenance of a high level of employment implies a need for corresponding action to adapt skilled labour and the distribution of workers by sector to the trends of general economic development and changes in the technology of production ;

Considering that, with a more rapid attainment of the Common Market in prospect and in relation with the co-ordination of regional policies and with the progressive establishment of a common agricultural policy, the structural alterations now taking place in certain economic sectors raise urgent problems of occupational training and retraining;

Considering that a common policy on occupational training capable of contributing, according to Article 128 of the Treaty, "to the harmonious development both of the national economies and of the Common Market", must be defined with due regard to the general aims of the Treaty and, in particular, to the Preamble and Article 2, as an instrument to remedy the disparities between the various areas and the backwardness of the less developed by means of a more balanced geographical distribution of productive activities ;

Considering that the free movement of workers depends to a great extent on an

effective common policy for occupational training ;

Considering that this common policy must embrace all forms of training for all persons intending to take up an occupation, and that special importance must be attached to the training and further training of teachers and instructors, of foremen and overseers, of medium and higher grade supervisory staff and of technicians at all levels ;

Considering that the implementation of a common policy of occupational training will require close co-operation between the Member States and the Commission including exchanges of information and joint studies and practical measures ; that it lies with the Commission, in accordance with the general objectives of the Treaty, and by virtue of the powers conferred on it by Article 155 and of the task assigned to it by Article 118, to secure this co-operation and to promote the necessary action by appropriate steps, without prejudice to the more specific duties with which it may be entrusted by the Council under Article 121 ;

Considering that the implementation of a common policy on occupational training will also require, apart from the measures that the Member States are to take, joint measures such as the preparation and execution of joint research programmes and practical operations at Community level ;

Considering that close co-operation between the Commission and the representatives of the public and private bodies in the Member States responsible for or concerned with occupational training problems constitutes an essential factor in the effective implementation of a common policy on occupational training ;

HAS ESTABLISHED THEREFORE THE FOLLOWING GENERAL PRINCIPLES FOR THE IMPLEMENTATION OF A COMMON POLICY ON OCCUPATIONAL TRAINING :

GENERAL PRINCIPLES

First principle

By the implementation of a common policy on occupational training is meant progressive concerted action based on a co-ordinated set of plans, programmes and schemes in the field of occupational training, adopted, co-ordinated, given concrete form and supervised as to results in order to attain the objectives set out in Article 128 of the Treaty; this concerted action extends to all persons who are to pursue an occupation or who are already doing so.

Second principle

The common policy on occupational training is designed to contribute to the attainment of the following basic objectives:

- a) To create conditions under which all can enjoy the right to adequate occupational training;
- b) To promote general education and occupational training on as wide a scale as possible to meet the need of a balanced development of personality and the needs arising from technical advances and social and economic progress;
- c) To impart to the individual the technical knowledge and skills needed for the pursuit of a specific occupation;
- d) To encourage the intellectual and general development of all those undergoing occupational training and to promote the physical development of young people;
- e) To avoid any undesirable break between general education and the beginning of occupational training;
- f) To provide opportunities for occupational or further training throughout working life at the various levels;
- g) To offer every worker, according to his aptitude and ability every opportunity for advancement; that is to say either promotion or transfer to a more remunerative job;
- b) To establish closer links between education and occupational training in its different

forms on the one hand industry on the other so that training may better suit the real needs of productive work and that the world of labour may take a more active part in social and cultural life.

Third principle

The implementation of the common policy of occupational training must be based inter alia on:

- a) Surveys and forecasts of the qualitative and quantitative labour requirements of the different branches of industry at national and Community level;
- b) Systematic and general vocational guidance throughout the period of general education and occupational training; opportunities for using vocational guidance and information services shall remain open beyond this period.

Fourth principle

For the purpose of implementing a common policy of occupational training, the Commission shall make concrete proposals to the Council, take any other appropriate steps, lay down an order of priority for measures to be taken, follow up their development, ensure their co-ordination and observe the results.

In particular, joint study and research programmes and practical schemes shall be drawn up by the Commission and implemented by the Member States at the instance of the Commission. These programmes shall take as their targets immediate and more long-term objectives at both national and Community level.

The Commission shall also study and work out solutions for the technical problems involved in carrying out a common policy of occupational training.

In carrying out these tasks, the Commission shall be assisted by an Advisory Committee on occupational training, comprising an equal number of representatives of the competent national administrative services, representatives of the employers' organizations or of institutions officially responsible for occu-

pational training, and representatives of the trade unions.

In the examination of specific problems, the Commission may call on experts from bodies competent in the field of occupational training as well as specialists in the subject to take part in this Committee's work.

Fifth principle

The implementation of an effective common policy on occupational training is dependent on accurate information on all aspects of this subject. To foster this knowledge, the Commission shall take all appropriate steps to collect, disseminate and exchange among the Member States information, documentary material and appropriate teaching material. In particular, it shall ensure the systematic dissemination within the Community of all documentary material on innovations already introduced or on the point of being introduced by each of the Member States in all fields of occupational training. For their part, the Member States shall supply the Commission with all relevant information on situations and trends in national systems of occupational training.

Sixth principle

The Commission shall, with the help of the Member States, develop all forms of direct exchange of experience in the field of occupational training such as will enable those responsible for the programmes, as well as specialists in occupational training, to acquaint themselves with and to study the schemes of other Community countries and any new methods introduced.

These exchanges shall in particular take the form of study seminars and programmes of visits to, and periods spent in occupational training institutions, whether they be educational establishments or not.

Seventh principle

The training of teachers and instructors in growing numbers and of the requisite technical and teaching ability is one of the basic elements in any effective policy of occupational training.

With the co-operation of the Commission, the Member States shall ensure that such training is improved and expanded by appropriate means such as the dissemination of the most modern teaching methods, the creation of new centres for training instructors and the adaptation of existing centres to current requirements, the introduction of close co-operation between these centres, the exchange of teachers and instructors and arrangements to keep them abreast of technical progress and innovations in teaching methods.

Curricula for training teachers and instructors shall be progressively harmonized and certain particularly suitable national centres shall be developed as pilot European centres for the training and further training of instructors.

Special steps shall be taken to promote, in the Community countries, the training and further training of instructors who are to work in the overseas countries and territories.

Eighth principle

The levels of training shall be progressively brought into line.

For this purpose there shall be drawn up, according to needs, occupational monographs including harmonized descriptions of basic requirements for access to the various levels of training; furthermore, special attention shall be given to the diffusion of teaching syllabuses suitable for occupational and further training.

On this basis, interim and final examinations and certificates awarded at the end of training courses, including those for complementary practical training where required, shall be harmonized with a view to reciprocal recognition.

Uniform tests at the Community level shall be introduced and European competitive examinations shall be organized.

Ninth principle

To assist in securing an overall balance between demand and supply of manpower in the Community, the Commission shall

be empowered to take, with the active participation of the Member States and in respect of occupational categories and specific occupations, the special steps required having regard to the exigencies of economic expansion and to manpower needs and surpluses. These steps shall be taken in the light of a regular assessment of occupations and areas in which there are shortages or surpluses. In particular, special programmes for rapid occupational training and retraining at Community level shall be carried out.

In the medium and long term, special attention shall be given to areas and sectors or branches of economic activity which are expanding or undergoing technological or structural alteration, in order that measures designed to promote the training or retraining of the labour needed shall be adopted in good time.

Tenth principle

Special operations may be carried out, in the Community framework, with respect to categories of workers and sectors of activity in which special problems arise, particularly in connection with:

- a) Agricultural and non-agricultural training of agricultural workers, without prejudice to regulations, directives or decisions which may be adopted by the Council on the basis of Articles 41 and 43 of the Treaty;
- b) Occupational training in transport;
- c) Occupational training in artisan activities;
- d) Occupational training of women;
- e) Occupational and further training of foremen and overseers, medium-grade and

senior supervisors and technicians at all levels;

f) Occupational retraining of the unemployed to assist in balancing labour surpluses and labour shortages at Community level;

g) Occupational, linguistic and social preparation of workers travelling to another part of the Community;

h) Systematic further training of young workers taking part in exchanges between member countries on the basis of a common programme;

i) Occupational training and rehabilitation of handicapped persons.

Joint financing may be planned for the measures listed above, as well as for any other measure designed to attain the objectives of the common policy of occupational training.

Such joint financing, may help, among other things, to establish for particular areas of the Community certain facilities for occupational and further training to meet current and potential requirements.

Special programmes may also be financed in order to enable countries or areas of the Community which do not dispose of adequate facilities for occupational or further training to make use of those available in other areas or member countries.

Furthermore, certain institutions which will serve as models shall be planned, including pilot occupational training institutes, European apprenticeship centres and special bodies to aid areas which do not have adequate facilities for occupational and further training.

Commentary on the general principles for the implementation of a common policy on occupational training

First principle

This principle defines the nature of the common occupational training policy called for by the Treaty. Stressing that this must be an enduring and forward-looking policy, this principle lies at the root of all the

objectives set forth in the present document and all the measures proposed for attaining them.

As stated in the introductory note, the common policy must be put into effect through ever closer co-operation between

the Member States and the Commission. The principles which follow describe the concrete measures to be taken by the Member States and by the Commission.

The first principle stresses that occupational training must not be understood in a limited sense in which it would refer only, according to outmoded ideas, to the training of certain categories of workers and craftsmen for given trades, but in a wide modern sense embracing the training, at the various levels, of all the young and adult workers of the Community.

Second principle

In fixing the essential objectives laid down under this heading, the existing situations in the member countries and the general opinion of responsible circles have been borne in mind. Among other things, the conclusions of the Conference on "Technical progress and the Common Market" held in Brussels from 5 to 10 December 1960 by the three European Communities, have been taken into consideration.

The right of all to adequate occupational training stems from the fact that since human knowledge and ability to create wealth are essential factors for economic development and social progress, optimum utilisation of available capacities is imperative, not only out of justice but also as a major objective of long-term policy. To each according to his capacity there must be given, by means of an adequate organization of education and occupational training, the opportunity to climb the ladder of general and occupational instruction from the lowest step to the highest.

The generalization of occupational training presupposes a common educational foundation for all young people, primary education everywhere should be of equal or at least comparable standard. In particular, young country-dwellers should have the same educational opportunities and facilities for training as town-dwellers.

The gathering pace of technical progress makes it essential that occupational training should have a broad basis. Young people

should not be trained for a single job but for basic trades, allowing of specialization and possibly changes of job later. The worker who can turn his hand to another trade can adapt himself to a progressive economy and the changing demand for labour.

Similarly occupational training must do more than enable people to earn their living; the development of a balanced personality is equally important.

The horizon of knowledge is extending so rapidly that a system of lifelong education becomes a necessity. Further training must be available at all stages of working life. Regular refresher courses must be organized. Such measures will, however, not answer if the facilities for basic training are lacking.

This development of occupational and further training must lead to social betterment, which is an economic and social necessity. There must be opportunities for promotion for all persons of ability in all sectors and at all levels.

Lastly, relations between education and industry, which have been developing with beneficial results, must be further widened and intensified. Though it is not possible to determine here the exact scope of such co-operation — which may be very wide — it must however be made clear that education is understood to mean everything from primary school to university, including occupational teaching in institutions other than schools and colleges. "Industry" includes not only the employers, but also all workers in the various firms and trades who, within these or through their trade unions, have a hand in the development of occupational training.

Third principle

Occupational training must prepare young people and adults for the kind of job they will actually be able to find. The effectiveness of the common occupational training policy is for this reason closely dependent on studies of the short-term and long-term outlook for employment and of opportunities in non-wage-earning occupations or in the professions.

The measures to be taken to develop facilities for occupational training and improve opportunities for promotion and to adapt them to economic conditions, must be based on a systematic survey of general population trends, of trends in the various sectors of economic activity (sectors expanding and sectors on the decline) and of economic and population trends in the various areas of the EEC (backward or depressed areas and centres of growth).

Furthermore, changes in the general pattern of employment stemming from technical progress and from the expansion of industry and services must be studied. Changes in the structure of agriculture are having their effect on the size of the labour force employed, and special efforts must therefore be made to provide young people in rural areas with opportunities to train for occupations other than work on the land.

In training for work in the transport sector, particular attention must be paid to technical changes in inland waterways transport, the constant expansion of road transport and the development of oil pipelines.

Co-ordinated forecasting work is therefore called for. It must be carried out at national level by each Member State and at Community level by the Commission on the basis of facts and figures regularly supplied by the Member States.

It is the task of vocational guidance to advise pupils and apprentices — possibly even adults — according to their abilities and aspirations and according to estimated labour requirements.

Vocational guidance must therefore be considered in a wide sense which includes determining the aptitudes of pupils, informing them on the forms of occupational training available and on possibilities of employment and awakening their interest in and persuading them to take up the most useful occupations. The information of parents will be important here, although their freedom of choice or that of their children must not be thereby restrained. A very close link must be maintained down to local level between the forecasting of

employment and vocational guidance on these lines in order to obviate errors in guidance: it is too often observed from studies of manpower needs in certain sectors that the numbers trained are well above or well below requirements. Teachers, career advisers, adults, parents, children and young people from all classes and all areas must have access to reliable information on opportunities in the various branches, on the advantages and disadvantages of each career and on the facilities for occupational training available.

Vocational guidance should apply to the whole school population and also young people receiving training within industry or in special institutes; it must also be available to those who are already at work but are dissatisfied with their job. It must apply especially to agricultural workers: it must advise as to the local possibilities of steady and worthwhile employment in agriculture and its ancillary trades and for workers leaving agriculture, as to the opportunities of employment in other sectors.

As experience shows, vocational guidance on a once and for all basis does not give very substantial results. Individuals, particularly young people, are constantly evolving and this means that vocational guidance must follow up, with the assistance of parents, teachers and instructors, the development of mind and character and the progress made by young people in their general education and occupational training. This would make it possible to adapt vocational guidance to individual cases, reviewing periodically the advice given, such a scheme would require throughout the Community a considerable expansion of the means employed in vocational guidance.

Fourth principle

The principle begins with a statement of the task to be carried out by the Commission to ensure the implementation of the common policy on occupational training. It is a question of following closely the progress of the policy put in hand by each Member State in the field of occupational training and, wherever advisable, of stimulating and

guiding the activities of the governments — with whom the responsibility of executing the common policy lies — in a direction in conformity with the general principles and particularly the fundamental objectives set out under the second principle.

In particular, whilst allowing for certain differences in structures, systems and functioning of occupational training in the member countries, the Commission will endeavour to eliminate the divergent trends which might emerge in national policies. The Commission cannot shirk these tasks if it is to discharge the general responsibilities laid on it by the Treaty.

In these matters the Commission will be assisted by a permanent Advisory Committee. Public and private circles concerned with this subject have on several occasions acknowledged that the establishment of such a committee at Community level is indispensable: the execution of the common occupational training policy calls for close and permanent co-operation between government officials of the member countries, representatives of the circles concerned and the Commission. Having due regard to the special requirements of each country or area, this Committee will, among other things, assist the Commission in the choice and preparation of joint programmes for study, research and practical schemes, contributing in this way to the balanced development of occupational training in the Community.

With due regard to current situations in certain member countries, it is proposed that the Advisory Committee should be of tripartite composition, representing equally the governments, employers and workers.

Because of the diversity and special character of the problems which may be referred to the Committee, arrangements should be made for replacing, where desirable, the appointed members by others representing the same circles.

Theoretically, a comprehensive list might be drawn up immediately of the short-term and long-term measures for applying the general principles. But in practice unfore-

seen needs will certainly arise, and to attempt such a list would be to disregard the merits of the procedure proposed, whereby:

— The Commission's staff would survey the current situations in the Member States and see how far they meet the objectives set out in the general principles;

— The Commission's staff would work out and propose practical schemes to remedy any shortcomings brought to light;

— These proposals would be discussed in the "Advisory Committee on occupational training", in order to find the most appropriate formula for each individual case;

— Legal instruments would then be drawn up concerning the implementation of the proposals in question.

In this way many cases calling for concrete action will be brought to light and the nature of the action to be undertaken in each case can be worked out. It would be harmful to the satisfactory co-operation so necessary between the Commission and the Member States if too much were made of completely pre-fabricated solutions, which of their nature are ill-adapted to the frequently complex and widely varying situations in the six individual countries. These considerations lie behind the method laid down in the Order which consists in confining action within the limits of what can be settled now with sufficient certainty and which gives the Government's representatives and other circles the opportunity of examining, within the Advisory Committee, their more specific problems.

Fifth principle

Enlightened action is only possible if full, objective and up-to-date information is available. The Commission must act as a clearing-house for information received from and circulated among, the member countries. This will be particularly important as regards the most recent and most advanced schemes of the Member States in the various fields of occupational training.

Sixth principle

This is complementary to the fifth principle; in addition to the exchange of written information between the Member States it prescribes direct contact between those responsible for, or specializing in, occupational training. The exchange of documentary material cannot replace personal contacts, which provide opportunities to assess the value of schemes and new ideas in the various countries with a view to their possible adoption. By encouraging such contacts, the EEC Commission hopes to facilitate the understanding of the problems involved in developing, improving and harmonizing occupational training in the six countries and to promote co-operation between Member States in this field.

Seventh principle

On recruiting and preparation of the personnel to train young people and adults will depend the success of a common policy of occupational training. The European Economic Community as a whole, but particularly those countries where population is growing, is experiencing grave difficulties in recruiting teachers of technical and scientific subjects at all levels and practical instructors. This is one of the main bottlenecks in the development of occupational training, taking into account the "bulge" in the school population due to demographic expansion and the raising of the school-leaving age or the increase in the numbers of children staying on voluntarily at school. This is therefore a sector in which the need for energetic concerted action is particularly urgent. The principle, though it is not exhaustive suggests the main lines of such action.

In the light of the aims set out in the eighth principle, place of honour must be given, in the measures proposed, to those which aim at bringing into alignment the syllabuses followed in training teachers and instructors. Furthermore, since training must be based on experimentation of methods and continued research, certain instructor centres will be organized as pilot centres. Methods tried out in this way could be

adopted by other instructor training centres in the Community countries.

Lastly, apart from measures which can be taken under the arrangements for the association of the overseas countries and territories, as provided for in Article 136 of the Treaty of Rome, obviously the common policy on occupational training may help to remedy the lack of instructors in those countries or territories.

The aim of the association of the overseas countries and territories with the Community is, according to Article 131, to promote their economic and social development and establish close relations between them and the Community as a whole. Since the economic expansion of these countries and territories depends on a corresponding development of occupational training, for which more instructors of the requisite level will be needed. This matter is very properly included among the general principles.

Eighth principle

This principle constitutes one of the essential elements in the implementation of a common policy of occupational training. Wage-earning or self-employed workers, whatever their country of origin or the type of training they wish to acquire, must have a theoretical and practical knowledge equivalent for a similar occupation, so that they may pursue their occupation satisfactorily in any Community country. The results obtained are more important here than the duration or type of training.

The harmonization of basic requirements for access to the various levels of training is, in view of the multiplicity of the trades for which separate training syllabuses exist, a long-term undertaking. An order of priority will therefore have to be established, a task in which the help of the Advisory Committee will prove extremely useful.

In order to avoid its having a purely formal significance, the harmonization of examinations, final tests and certificates should be preceded by the harmonization of the contents of training syllabuses; the first thing needed, therefore, in taking any

measures of harmonization is to bring into alignment the descriptions of the trades.

Such harmonization must however be compatible with the need to leave intact certain basic elements in the trades, deriving, for example, from the kind of materials traditionally used or from working methods peculiar to certain areas.

The decisions, taken in implementation of the present principle, concerning the harmonization of examinations and final tests, will be without prejudice to any directives adopted by the Council under Article 57. However, reciprocal recognition of diplomas, certificates and other qualifications must not be limited to persons intending to set up on their own account but must have more general scope making the free movement of persons fully effective.

The same quest for effectiveness is behind the proposal for the definition of unified examinations at the Community level. The standardization of certain tests would make it possible to train in a more homogeneous manner and more directly the persons who are to pursue a gainful occupation in any of the Common Market countries. These examinations would be held in the candidate's own country.

European competitions, making it possible to record each year, for certain specially chosen trades, the results of occupational training in the Community, will contribute towards harmonizing levels of training; they will also stimulate in young workers an interest in better training and develop in them a more lively European consciousness.

Nimble principle

The common policy of occupational training must aim at supplying the economy of the European Economic Community with the labour force it needs. It must therefore help to obviate present and foreseeable shortages and surpluses of manpower in the Common Market. The position is aggravated by the fact that the demand is chiefly for skilled tradesmen, whereas most of the unemployed are unskilled. The disequilibrium within the Community is therefore

very largely a question of skills. Only a rapid and adequate solution of occupational training problems will free the bottlenecks caused by the shortage of skilled manpower, which is a brake on economic expansion and consequently social progress.

If it is a question of intensifying short or medium-term regional measures designed to further current or planned work, of setting up new industries or of converting or extending undertakings in expanding sectors, training schemes must be started in good time in order that available manpower should be put to better use; essentially, this calls for an increase in occupational and territorial mobility, or a wider pooling of existing manpower resources at Community level.

Action in this field is independent on forecasts of manpower resources and requirements and on a periodical determination of the areas and trades suffering from shortages or surpluses of skilled manpower. This information must be as accurate as possible in order to bring out the order of priority of shortages to be made good and the indication, for each trade in which there are shortages, of the needs to be met and the skills required. Account must also be taken of technical progress, technological changes and the coming into existence of new jobs.

On these bases special plans for short or long-term training will have to be set on foot to meet the most urgent and vital requirements. The programmes can be devised, at least for certain trades, in such a way as to be applied by several countries.

If these objectives are to be attained, there will be a need for very close co-operation between government departments concerned with employment and occupational training in the Community. Here the EEC Commission has a particularly important role to play. The determination of the areas and occupations where there are shortages or surpluses of skilled manpower, provided for by the Regulation on the free movement of labour, will provide a basis and a guide for occupational training schemes in certain occupations and areas.

Tenth principle

This principle aims at developing joint schemes for certain categories of workers or certain sectors where special problems of occupational training arise.

This is a first list which may be supplemented in accordance with needs in consultation with the Advisory Committee for occupational training.

Joint financing may help to solve the problems involved. For training in agriculture, such financing is expressly provided for, as part of the common agricultural policy, by Article 41 of the Treaty. The requirements which are making themselves

felt in other fields, some of which are mentioned under the tenth principle, suggest that a similar solution might be contemplated. Pilot schemes may be undertaken.

Joint financing might also prove very important as an auxiliary factor, at the regional level, of facilities for occupational training.

Furthermore, with close co-operation between the Member States in the field of occupational training, joint financing might prove very useful and might obviate the danger of resources for occupational training remaining unused in certain countries or areas of the Community whilst there were shortages in other countries or areas.

ANNEX II

Directive on the introduction of certain common rules to be applied to international goods transport by road

(Proposal submitted to the Council by the Commission)

1. To implement the common transport policy, the Treaty of Rome provides in Article 75 (1) for the establishment of common rules applicable to international transport effected from or to the territory of a Member State or through the territory of one or more Member States. That the authors of the Treaty should have made this provision, and should moreover have laid down a time-limit for the establishment of such rules, bears witness to the importance attaching to the Community's activities in this field. The Common Market is intended to promote an expansion of trade among the Member States. Transport must be in a position to cater for and assist this expansion.

2. In the Memorandum on the general lines of a Common Transport Policy which the Commission has submitted to the Council, it is suggested that the first measures required to put Article 75 (1) into practice should be taken even before the endeavours to bring the transport policies of the Member States and the situation of the various forms of transport and transport enterprises into line have taken full effect, because these may continue beyond the transition period. The measures referred to must demonstrate that the Member States are ready forthwith to make some substantial advance in facilitating international transport within the Community.

3. In accordance with the general lines and principles set forth in its Memorandum, the Commission feels that the common rules for the free supply of services in transport must be conducive to a higher degree of interpenetration among the Member States. They must provide for a slackening of the present restrictions, which often consist in very strict quotas on certain categories of international transport. So far as possible,

such restrictions should be progressively lifted. The Commission considers that in this matter priority should be given to international goods transport by road, which is the sector most severely affected.

4. After a careful study of the situation, the Commission has sought the advice of the Consultative Committee on Transport set up under Article 83 of the Treaty. In the view of this Committee it is feasible to abolish both quotas and licencing systems for certain categories of transport. For others, it is recommended that quotas be abolished as a first step, while retaining licencing systems.

5. Since in view of the complexity of the problem it is not possible to find an overall solution with a liberalization time-table for the whole of international goods transport by road, the Commission was of the opinion that action should be taken in those fields where the situation permits. Hence its proposal that the Council issue the present directive.

The Commission is continuing its studies with a view to devising a system which will improve the present situation and to introducing a higher degree of liberalization.

6. In the case of international goods transport by road for own account rapid results seem within reach. In this field there does in fact already exist a fair degree of liberalization. Nevertheless, certain problems arise. For this reason the Commission proposes that freedom be established in two stages: the first being the abolition of quotas and the second the abolition of licences. To avoid the danger of transport for hire or reward being carried out under the cloak of "transport on own account", the Commission, whilst not laying down any general definition

of goods transport by road "for own account" has however set out in the same terms as Article 9 of Regulation No. 11 the characteristics of those transport operations to which the proposed liberalization measures are to apply.

7. In the case of international goods transport "for hire or reward", there are considerable difficulties in the way of a gradual liberalization time-table on the lines of that worked out for "transport on own account". Although the Commission has carefully studied various theoretically possible solutions, it does not at present feel able to propose any automatic procedure for increasing quotas. It nevertheless feels that certain types of transport could now be freed without difficulty from all licencing requirements. The Commission has also drawn up a list of transport activities which, while remaining subject to licencing, could be freed from existing quota arrangements.

8. The abolition of licencing for which this directive makes provision of course concerns only transport operations proper without prejudice to any permit requirements under other regulations (e.g. on taxation, health or plant control).

9. The Commission considers it advisable that this directive be published for information purposes in the official gazette of the European Communities. Although the directive is addressed to the Member States, it is desirable that carriers be acquainted with it.

DIRECTIVE

on the introduction of certain common rules to be applied to international goods transport by road

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Noting the provisions of the Treaty establishing the European Economic Community and in particular Article 75 (1) thereof ;

Noting the proposal of the Commission ;

Noting the opinion of the Economic and Social Committee ;

Noting the opinion of the European Parliament ;

Considering that the establishment of a common transport policy includes the drawing up of common rules applicable to international goods transport by road effected from or to the territory of a Member State or crossing the territory of one or more Member States ;

Considering that the gradual establishment of the Common Market must not be impeded by obstacles in the transport sector ; that international goods transport by road must be progressively liberalized having regard to the needs arising from the expansion of trade and traffic within the Community,

HAS ISSUED THIS DIRECTIVE :

Article 1

1) Each Member State shall, in accordance with paragraphs (2) and (3) of this Article, and at the latest by the end of 1962, liberalize such international goods transport operations by roads as are listed in Schedules I and II to this Directive which, originating in the territory of another Member State, have their destination in, or are in transit through, its own territory.

2) Transport operations listed in Schedule I shall be freed from all quota or licencing systems.

3) Transport operations listed in Schedule II shall no longer be subject to quota systems, but may remain subject to licencing provided that no quantitative restriction is caused thereby.

4) The two Schedules form an integral part of this Directive.

Article 2

Each Member State shall liberalize the transport operations defined in Article 3 below which originate in the territory of another Member State and have their destination in, or are in transit through, its own territory.

This liberalization shall be timed as follows ;

a) Existing quota systems shall be abolished at the latest by the end of 1962 ;

b) Licencing systems existing at the time of the entry into force of this Directive shall not be made more restrictive and shall be abolished at the latest by the end of 1963.

Article 3

1) Article 2 of the Directive has reference to motor transport of goods carried out by an enterprise for its own purposes subject to the following conditions :

— The goods must be carried in vehicles owned by the enterprise or purchased by it on credit and driven by its own employees ;

— The transport operation must be no more than ancillary to the general business of the enterprise ;

— The goods transported must be the property of the enterprise or must have been sold, purchased, loaned, borrowed, given, hired, produced, processed, or repaired by it ;

— The purpose of the transport operation must be to carry the goods to the enterprise, to dispatch them from it, to move them within it or, for its own purposes, outside it.

2) Each Member State take the measures required to ensure that the international goods transport operations by road referred to in Article 2 above shall fulfil the conditions set forth in paragraph 1 of the present Article.

Article 4

The Member States shall inform the Commission of the measures they have taken in pursuance of this Directive.

Schedule I

to the Directive on the introduction of certain common rules to be applied to international goods transport by road.

Transport operations to be freed from all quotas and licencing systems

1. Frontier traffic in a zone covering 25 km in a direct line on either side of the

frontier, provided that the effective total distance of the operation does not exceed 50 km.

2. Removals carried out by firms specially staffed and equipped for this purpose.

3. Occasional goods transport to and from airports in the case of re-routing of air services.

4. Transport of baggage by trailers attached to vehicles used for the normal transport of passengers, and transport of baggage by all kinds of vehicles to and from airports.

5. Postal transport.

6. Transport of works of art to and from exhibitions.

7. Transport of equipment, accessories or animals to or from theatrical, musical or cinematographic performances or sporting events, or circuses or fairs, or intended for recording, filming or television purposes.

8. Transport of damaged vehicles.

9. Occasional transport of tools or spare parts to repair motor vehicles or trailers.

10. Occasional transport of tools or spare parts for assembling or repairing machinery or plant delivered by the enterprise providing the transport.

11. Transport of garbage.

12. Transport of animal carcasses for cutting up.

13. Transport of bees and young fish.

14. Funeral transports.

Schedule II

to the Directive for the introduction of certain common rules to be applied to international goods transport by road.

Transport operations to be freed from all quotas but which may remain subject to licencing under the conditions of Article 1 (2) of this Directive.

1. Transport to a frontier area, extending to a distance of 25 km in a direct line from the frontier.

2. Goods transport by motor vehicles with a carrying capacity of not more than 4000 kg including trailer(s).
3. Transport of liquid substances by specially fitted tanker lorries.
4. Transport of cement by special vehicle.
5. Transport of works of art for commercial purposes.
6. Occasional transport of articles or equipment intended exclusively for purposes of publicity or information.

DRAFT

Declaration of Intention by the Council, and a draft for the establishment of a procedure to permit more rapid attainment of certain aims of the Treaty in the field of international goods transport by road

(Proposed by the Commission to the Council)

THE COUNCIL

1. Reaffirms its intention, stated on 12 May 1960, to speed up the implementation of the Treaty as much as possible, not only with regard to the customs union but also in all branches of economic integration, and in particular to pursue a transport policy which will keep in step with developments in the other fields of the Common Market;

Declares, therefore, that in view of the expansion of trade and traffic between the Member States it is necessary to expedite the elaboration and implementation of provisions which will eliminate or as far as possible alleviate restrictions on the freedom of international goods transport and especially transport of goods in transit;

2. Noting the work accomplished by the Commission in this field and considering that the action taken, especially in submitting the draft Directive on the introduction of certain common rules to be applied to international goods transport by road should be continued;

Urges the Commission to submit to it as soon as possible and by 31 May 1962 at the latest proposals designed;

a) to expedite, either bilaterally or if possible at the Community level, a first substantial widening of existing quotas for international goods transport by road for hire or reward among the Member States, and to liberalize transit operations as rapidly as possible;

b) To establish procedure and fix a time-table for the further gradual widening of quotas, bearing in mind the requirements connected with the co-ordination of transport, for the purpose of adapting international goods transport to the needs of integration at the Community level and to the expansion of traffic;

c) To lay down a precise time-table for the measures to be taken immediately and in the future so that the action provided in *a)* and *b)* above may be taken in order to bring into line the operating conditions of road transport enterprises in the Member States which distort competition amongst such enterprises.

3. Agrees to undertake a first examination of these proposals by 30 June 1962 at the latest, and on that occasion to lay down the time-table of its work concerning the common transport policy so as to be able to take final decisions before 31 December 1962.

ANNEX III

Proposed regulations on the social security of frontier and seasonal workers (Commission's proposal to the Council)

Article 4 (7) of Regulation No. 3 on the social security of migrant workers provides that "regulations to be issued subsequently shall lay down special provisions for frontier workers and seasonal workers". This paragraph was inserted in order not to hold up the adoption of Regulation No. 3 pending the drafting of supplementary provisions to cover the situation of these two categories of workers, who do not transfer their residence to the area in which they work.

The new regulations are a corollary to Regulations No. 3 and 4 and their aim is to safeguard and enhance the rights of frontier and seasonal workers in the matter of social security. Some of these workers are at present incompletely protected, either because there are no conventions providing for them (some countries have not concluded conventions; others have concluded but not yet ratified them) or because of the inadequacy of the provisions of existing conventions, particularly in the matter of unemployment.

The two draft regulations were worked out with the technical assistance of the ILO, account being taken of the opinions expressed by the Administrative Committee of EEC for the social security of migrant workers — which was consulted since, by virtue of Article 43 (a) of Regulation No. 3, it will be responsible for watching over the implementation of these regulations — and by the government experts at a meeting specially held for this purpose on 7 July 1961. The representatives of trade organizations were also consulted on two occasions.

The present memorandum analyzes the main provisions of these two drafts.

I. GENERAL PROVISIONS OF THE TWO DRAFT REGULATIONS

The draft regulations define the expressions "frontier worker" and "seasonal worker"

(Article 1 (c) of each draft). A frontier worker is defined by the following criteria: employment in one country, residence in another and return at fixed intervals. The definition of a seasonal worker resembles that adopted in the Franco-Belgian agreement on the social security system applicable to frontier and seasonal workers, signed on 17 January 1948.

Like Regulations Nos. 3 and 4, the two new regulations will be applicable to nationals of the Member States, refugees and stateless persons (Article 2).

They are complementary to Regulations Nos. 3 and 4: the general provisions of these latter regulations and their provisions for invalidity, old-age and death (pensions) and for death grants apply in their entirety to these two categories of workers. On the other hand, the provisions of Regulations Nos. 3 and 4 on sickness and maternity, industrial accidents and occupational diseases, unemployment and family allowances, are applicable to them only where not otherwise provided by the draft regulations on the social security of frontier and seasonal workers.

Finally, with a view to making the provisions on the social security of frontier and seasonal workers as uniform as possible, the drafts specify (Article 4) that the provisions they contain shall supersede the special provisions for these workers included in bilateral conventions. However, they leave open the possibility of retaining some of the latter provisions by including them in an annex, either because they are more advantageous or because they consist of administrative practices which have worked satisfactorily. This annex will have to be embodied in a supplementary regulation within six months of the publication of the new regulations (which will come into force on the same day as the supplementary regulation).

II. SPECIAL PROVISIONS OF THE DRAFT REGULATION CONCERNING THE SOCIAL SECURITY OF FRONTIER WORKERS

Provisions are laid down for the following short-term benefits: sickness and maternity benefits, benefits (other than pensions) for industrial accidents and occupational diseases, unemployment benefits and family allowances. These provisions have been drawn up to remedy the special situation of frontier workers employed in a country whose legislation is in principle applicable to them but who cannot always benefit from it because they reside in another country.

The draft also lays down that the provisions of Article 13 (a) of Regulation No. 3 concerning the legislation applicable to workers who are detached shall also be valid for frontier workers temporarily detached to another country by their normal employer (Article 5).

1. *Sickness, maternity*

Cash benefits are paid to the frontier worker by the institution responsible either in the country of employment or in the country of residence (Article 6).

Benefits in kind are provided for the frontier worker and the members of his family in the country of permanent residence. They will alternatively be provided in the country of employment, subject to the restriction that the members of the family can obtain them in that country only in an emergency or by agreement between the appropriate authorities of the Member States concerned or with the authorization of the appropriate institution (Article 7).

The formalities for obtaining benefits in cash and in kind in the country of permanent residence are laid down in Articles 8 and 9.

Benefits in kind provided for the frontier worker and his family in the country of permanent residence are refunded in full by the appropriate institution of the country of employment (Article 13).

In addition, the frontier worker and members of his family may receive benefits during temporary residence or when they

transfer their permanent residence to a third country (Article 10).

Moreover, when the members of the family are not resident in the same country as the frontier worker they receive benefits in kind in accordance with the provisions of Article 20 of Regulation No. 3 (Article 11).

Finally, it is laid down that where benefits in kind are provided for a pensioner who is a former frontier worker or the surviving dependent of such a worker and in receipt of two or more pensions one of which is granted by his country of permanent residence the cost of such benefits shall be borne by the country in which he was insured for the longest period (Article 12).

2. *Industrial accidents and occupational diseases*

Cash benefits, other than pensions, and benefits in kind to which a frontier worker who is the victim of an industrial accident or an occupational disease is entitled are provided in the country of employment or in the country of permanent residence in accordance with the arrangements indicated above for sickness benefits (Articles 14 and 15).

Accidents occurring between the place of permanent residence and the frontier in the course of the normal journey will be treated as industrial accidents occurring in the country of employment (Article 16).

Finally, the costs of transporting the victim to his domicile, to hospital or to the place of burial will be refunded by the appropriate institution in the country of employment. However, the refund of costs incurred in the country of residence will be limited to an amount representing a journey of 50 km. (Article 17).

3. *Unemployment*

A frontier worker who is wholly unemployed is entitled to benefit under the legislation and at the expense of his country of permanent residence as if he had been last employed in that country, and he retains this right, subject to certain conditions and limits, on transferring his permanent

residence to a country other than that in which he was last employed [Article 18 (1 and 3)].

4. *Family allowances*

Family allowances are payable to the frontier worker according to the provisions of Regulations Nos. 3 and 4 with the exception of Article 40 (5) of Regulation No. 3. The worker is, therefore, entitled to the family allowances of the country of employment up to the rates in force in the country of permanent residence of his children, but without any limit in time (Article 19). The rules applicable in the case of work in two countries in the course of one and the same month are set out in Article 20.

It is further stipulated that an unemployed frontier worker is entitled in his country of permanent residence to the family allowances payable under the legislation of the country from which he receives unemployment benefit (Article 21).

III. SPECIAL PROVISIONS OF THE DRAFT REGULATION CONCERNING THE SOCIAL SECURITY OF SEASONAL WORKERS

In the same way as the draft regulation concerning the social security of frontier workers, this draft provides for sickness and maternity benefits, benefits for industrial accidents or occupational diseases (other than pensions), unemployment benefits and family allowances. These provisions have been drawn up in the light of the special situation of seasonal workers arising from the fact that they do not transfer their permanent residence to the country in which they are employed and therefore cannot benefit under all the provisions of the legislation of that country.

1. *Sickness, maternity*

It is laid down that a seasonal worker who, before arriving in the new country of employment, has completed periods of insurance in another country may have these taken into account if no more than four months have elapsed between the end of such periods and the beginning of his

insurance in the new country of employment, as against the maximum of one month provided for in Article 17 (1) of Regulation No. 3 (Article 5).

Benefits in cash and in kind are provided for the seasonal worker in the country of employment as though he had his permanent residence there [Article 6 (1)]. They may also be provided by the institution of the place of residence if he returns there on account of illness [Article 6 (2)]. If he falls ill after his return while still being entitled to benefits in kind under the legislation of the country where he was last employed, these benefits are provided for him by the institution of the place of permanent residence [Article 6 (3)]. In these last two cases the formalities required to obtain benefits are specified (Articles 9 and 10) and the appropriate institution refunds all expenditure incurred by the institution of the place of permanent residence (Article 12).

In addition, the seasonal worker may receive benefits if his state of health should call for immediate attention in the course of his journey at the beginning or end of the period of employment, with the proviso that this journey does not take longer than two days and that he is still entitled to these benefits in the country in which he was last insured (Article 7).

The provisions of Regulations Nos. 3 and 4 apply in general to members of the family. However, Article 20 (2) of Regulation No. 3 is not applicable to them; they are therefore entitled to benefits in kind according to the legislation of their country of permanent residence, but without any limit in time, and the institution in the country of employment refunds three quarters of the expenditure to the institution of the place of permanent residence [Article 8 (1)].

2. *Industrial accidents and occupational diseases*

Cash benefits, other than pensions, and benefits in kind to which a seasonal worker who falls victim to an industrial accident or an occupational disease is entitled, are

provided in the country of employment and in the country of permanent residence after his return, in accordance with the arrangements referred to above for sickness benefits (Article 13).

It is also provided that the costs of transporting the victim to his domicile, to the hospital or to the place of burial will be refunded by the competent institution. However, the refund of such costs in the territory of the country of permanent residence may not exceed the costs of a journey of 50 kilometres (Article 14).

3. *Unemployment*

A seasonal worker who is partially or for technical reasons unemployed (cases in which the labour contract is not terminated) is entitled to benefits under the legislation of the country of employment as if he were permanently resident in that country [Article 15 (1)].

Furthermore, a seasonal worker who has become unemployed during the period for which he was engaged and who is returning to his country of permanent residence shall be entitled for a maximum period of five months to unemployment benefits in accordance with the legislation of the country where he was last employed. Such benefits shall be payable by the institution of the place of permanent residence, which then obtains from the institution of the country of last employment a refund of 85 % of the amount of benefits paid [Article 15 (2) to (8)]. The formalities required to obtain these benefits in the country of permanent residence are laid down in Article 16.

Finally, a seasonal worker who, after returning to his country of permanent residence at the end of the period of employment, finds himself unemployed in that country is entitled to the benefits provided for under the legislation of that country and at its expense as if he had been last employed there (Article 17).

4. *Family allowances*

Family allowances are payable to the seasonal worker in accordance with the provisions of Regulations Nos. 3 and 4, with the exception of Article 40 (5) of Regulation No. 3. The worker is therefore entitled to the family allowances of the country of employment up to the amount of the rates in force in the country of permanent residence of his children but without any limit in time (Article 18).

It is also stipulated that an unemployed seasonal worker is entitled to the family allowances provided for under the legislation of the country where he was last employed when he receives the unemployment benefits of that country, either in the country itself or in his country of permanent residence after his return (Article 19).

Such are the main lines of the draft regulations on the social security of frontier and seasonal workers. The situation of these workers with respect to freedom of movement will shortly be clarified by the regulations required under Article 46 (1) of Regulation No. 15 on the initial measures for the achievement of free movement of workers within the Community. It will not, however, be possible for the regulations on social security and those on free movement to cover exactly the same persons since the aims pursued are different.

Lastly, the final provisions of the two drafts are similar to those of Regulation No. 3. In order that it may be possible to prepare in advance the necessary implementing measures pursuant to these draft regulations before the regulation containing the annexes is adopted, it is stipulated that the Administrative Committee of EEC for the social security of migrant workers may exercise its powers with regard to these regulations as soon as they are published, whereas their entry into force will be concurrent with that of the regulation embodying the annexes.

Draft regulation on the social security of frontier workers

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the provisions of the Treaty establishing the European Economic Community, and in particular Article 51 thereof ;

Having regard to Regulation No. 3 on the social security of migrant workers and in particular Article 4 (7) thereof ;

Having regard to Regulation No. 4 laying down the details and supplementing the provisions of Regulation No. 3 on the social security of migrant workers ;

Having considered the proposal of the Commission ;

Whereas under Article 4 (3) of the above-mentioned Regulation No. 3, the provisions of that Regulation are not applicable to frontier workers if the benefits provided for them are regulated by special provisions contained in a social security convention within the meaning of Article 1 (c) of the said Regulation ;

Whereas by virtue of Article 4 (4) of Regulation No. 3, the provisions of that Regulation listed in Annex C are not applicable to frontier workers employed in a Member State mentioned in the said Annex or who are nationals of the said Member State, or stateless persons or refugees residing in the said State and employed in another Member State ;

Whereas Article 4 (7) of Regulation No. 3 provides that the Council shall draw up a subsequent Regulation laying down special provisions for frontier workers, upon the entry into force of which paragraphs (3) and (4) of Article 4 of the said Regulation shall become inoperative ;

Whereas the general provisions of Regulations Nos. 3 and 4 and the arrangements they lay down for invalidity, old-age and death (pensions) and death grants are applicable to frontier workers without further stipulation ;

Whereas special provisions, complementary to those laid down by Regulations Nos. 3 and 4, are required to determine which legislation is applicable and also for sickness and maternity, industrial injuries and occupational diseases, unemployment and family allowances, because of the special situation of frontier workers resulting from their permanent residence in a Member State other than that in which they are employed ;

Whereas the High Authority of the European Coal and Steel Community has declared that the system laid down in the following Regulation may replace the arrangements mentioned in Article 69 (4) of the Treaty establishing the European Coal and Steel Community ;

HAS ADOPTED THE FOLLOWING REGULATION :

TITLE I

General provisions

Article 1

For the purpose of this Regulation :

a) The expression "Regulation No. 3" means Regulation No. 3 of the Council of the European Economic Community on the social security of migrants workers, dated 25 September 1958 and published in the official gazette of the European Communities of 16 December 1958 ;

b) The expression "Regulation No. 4" means Regulation No. 4 of the Council of the European Economic Community laying down procedures for and supplementing the provisions of Regulation No. 3 on the social security of migrant workers, dated 3 December 1958 and published in the official gazette of the European Communities of 16 December 1958 ;

c) The expression "frontier worker" means a wage-earner or a worker treated as such who, while maintaining his permanent residence in one Member State, to which he normally returns each day or at least once a week, is employed in another Member State. The provisions of Article 1 (k) of Regulation No. 3 shall no longer apply.

Article 2

1. The provisions of this Regulation shall apply to frontier workers who are or have been subject to the legislation of one or more of the Member States and who are nationals of one of the Member States or who are stateless persons or refugees, as well as to members of their families and to their surviving dependents.

2. The provisions of this Regulation shall also apply to the surviving dependents of frontier workers who have been subject to the laws of one or more of the Member States irrespective of the nationality of such workers when the said surviving dependents are nationals of one of the Member States or stateless persons or refugees residing in one of the Member States.

Article 3

Except as otherwise provided in this Regulation the provisions of Regulations Nos. 3

and 4 shall apply to the persons to whom this Regulation applies.

Article 4

1. With respect to the persons to whom it applies, the provisions of this Regulation shall replace the provisions applicable to frontier workers contained in any social security convention concluded between Member States. However, those provisions of such conventions enumerated in an annex drawn up under a later Council Regulation adopted on a proposal of the Commission within six months of the publication of this Regulation shall continue to apply.

2. The provisions of Article 6 (3) of Regulation No. 3 shall apply as regards any necessary amendments to the Annex provided for in the foregoing paragraph.

3. Article 6 (2) (c) and (d) of Regulation No. 3 are cancelled. The reference to Article 6 (2) (c) of Regulation No. 3 which appears in Article 6 (1) of Regulation No. 4 is deleted.

4. Each Member State shall notify the Chairman of the Administrative Committee of any convention concerning the social security of frontier workers concluded between it and a country which is not a Member State.

TITLE II

Provisions determining the legislation applicable

Article 5

The provisions of Article 13 (a) of Regulation No. 3 shall apply to frontier workers not-

withstanding that they do not reside in the Member State in which the establishment to which they are normally attached is situated.

TITLE III

Special provisions

Chapter I

SICKNESS, MATERNITY

Article 6

1. Cash benefits to which a frontier worker is entitled shall be payable by the appropriate

institution as if he were resident in the appropriate country. They shall be paid either in that country or, at the request of the beneficiary, by international money order at his place of permanent residence.

2. However, at the request of the appropriate institution the benefits referred to in

the above paragraph may be paid by the institution of the place of permanent residence on behalf of the appropriate institution ; in this case the appropriate institution shall inform the institution of the place of permanent residence of the amount of such benefits and of the date or dates at which they are to be paid and of the maximum period during which they are to be paid.

Article 7

1. The benefits in kind to which a frontier worker is entitled shall be provided for him and the members of his family by the institution of his place of residence as though he were affiliated to this institution ; the extent and duration of these benefits and the arrangements for providing them shall be determined in accordance with the provisions of the legislation applied by the institution of the place of residence.

2. The benefits referred to in the foregoing paragraph may be provided for the frontier worker and for members of his family by the appropriate institution in the appropriate country as if they were permanently resident in that country. However, they may only be provided for members of his family :

a) in emergencies ;

b) in other cases subject to an agreement between the appropriate authorities of the Member States concerned or, failing this, the authorization of the appropriate institution.

3. If the legislation applicable by one of the institutions mentioned in the preceding paragraphs of this Article lays down a maximum period for the granting of benefits, this institution may where necessary take into account the period during which the benefits were provided by the other institution in the same case of sickness or maternity.

4. Medicines, bandages, spectacles and small appliances may only be provided in the Member State where they have been prescribed by the doctor and in conformity with the legislation of that State ; the same applies to analyses and laboratory examinations.

5. Except in special cases governed by agreement between the appropriate institution and the institution of the place of permanent residence, maternity benefits in kind must be provided entirely by the institution of the country where the confinement takes place.

6. The provision by the institution of the place of permanent residence of artificial limbs, large appliances or other major benefits in kind, the list of which is drawn up by the Administrative Committee, shall be subject to authorization by the appropriate institution except in acute emergencies.

7. If members of the family of a frontier worker are entitled, whether personally or through one or other of them, to benefits in kind in the country of permanent residence, the provisions of the foregoing paragraphs of this Article shall not apply to them.

Article 8

1. In order to obtain the cash benefits mentioned in Article 6 of this Regulation, the frontier worker who, in his country of permanent residence, is unfit for work shall address directly to the appropriate institution within three days :

a) A notification that he has ceased work, in the standard form prescribed by the Administrative Committee, or, if the legislation applied by the appropriate institution so provides, a certificate of unfitness for work issued by the doctor attending him ;

b) A certificate in the standard form prescribed by the Administrative Committee, issued by the institution of the place of permanent residence and giving the date of the treatment received and the probable period of convalescence ;

c) All other documents needed to conform with the legislation applied by the appropriate institution taking into account the nature of the benefits requested.

2. In addition, the following provisions shall apply :

a) The institution of the place of permanent residence shall carry out the medical examination and administrative checking of the

frontier worker as if he were insured with it and shall inform the appropriate institution of the result;

b) When the institution of the place of permanent residence finds that the frontier worker is fit to resume work, it shall notify him of the date by which he should do so and immediately transmit a copy of this notification to the appropriate institution. Cash benefits shall cease to be paid from the date fixed by the institution of the place of permanent residence for the resumption of work;

c) When the appropriate institution decides, in the light of the information it has received, that the frontier worker is able to resume work, it shall request the institution of the place of permanent residence to inform the worker of its decision. Cash benefits shall cease to be paid from the day following the date on which the worker was informed of the decision taken by the appropriate institution;

d) When, in the same case, two different dates are fixed for the resumption of work by the institution of the place of permanent residence and by the appropriate institution respectively, the date fixed by the appropriate institution shall be decisive;

e) When the frontier worker resumes work he shall inform the appropriate institution of the fact by means of a certificate in the standard form prescribed by the Administrative Committee.

3. The appropriate authorities of two or more Member States may by common agreement make other practical arrangements, which shall be submitted to the Administrative Committee for its opinion.

Article 9

1. In order to obtain benefits in kind for himself and members of his family, in his country of permanent residence under Article 7 (1) of this Regulation, a frontier worker is required to register with the institution of his place of residence and produce the following supporting documents:

a) A certificate in the standard form prescribed by the Administrative Committee, issued by the appropriate institution showing that he and the members of his family are entitled to benefits in kind. If the frontier worker does not present this certificate, the institution of the place of permanent residence shall request the appropriate institution to supply it. This certificate shall remain valid until such time as the appropriate institution informs the institution of the place of permanent residence that it has been cancelled;

b) The supporting documents normally required under the legislation of the country of permanent residence for the grant of benefits in kind to wage-earners or persons treated as such and to members of their families.

2. In addition, the following arrangements shall apply to the supply of benefits in kind under Article 7 (1) of this Regulation by the institution of the place of permanent residence.

a) If a patient is admitted to hospital, the institution of the place of permanent residence shall within three days of the date of which it was itself informed notify the appropriate institution of the date of entry into a hospital or other medical establishment and the probable duration of in-patient treatment. When the insured person is discharged from a hospital or other medical establishment, the institution of the place of permanent residence shall notify the appropriate institution of the date of his discharge within the same time-limit.

b) The institution of the place of permanent residence shall apply to the appropriate institution for authorization to grant the benefits referred to in Article 7 (6) of this Regulation. When these benefits have been provided in a case of extreme urgency without the authorization of the appropriate institution, the institution of the place of permanent residence shall immediately notify the said institution;

c) The institution of the place of permanent residence shall cause the beneficiary to be examined periodically, either on its own

initiative or at the request of the appropriate institution, in order to ascertain whether the medical treatment is being effectively and regularly administered. The institution must carry out these examinations and immediately inform the appropriate institution of the findings. Assumption by the appropriate institution of liability for the cost of medical treatment is conditional upon the observance of these rules.

3. The appropriate authorities of two or more Member States may by common agreement make other practical arrangements, which shall be submitted to the Administrative Committee for its opinion.

Article 10

1. Notwithstanding that the frontier worker and the members of his family are not resident in the appropriate country, the provisions of Article 19 of Regulation No. 3 and of Articles 17 to 21 of Regulation No. 4 shall be applicable to them when they are temporarily resident in, or transfer their permanent residence to, a Member State other than the appropriate country of the country in which the frontier worker resides.

2. When the members of the family of a frontier worker transfer their residence from the country in which he resides permanently to the appropriate country after a sickness or maternity case has occurred, they shall receive benefits in conformity with the provisions of the legislation of this latter country. If the legislation applied by the appropriate institution lays down a maximum period for the provision of benefits, the period during which benefits were provided immediately before the transfer of residence for the same case of sickness or maternity may be taken into account.

Article 11

The provisions of Article 20 of Regulation No. 3 and of Articles 22 and 23 of Regulation No. 4 shall apply to members of the family of a frontier worker when they reside permanently in a Member State other than the country in which the worker himself is permanently resident.

Article 12

1. The provision of benefits in conformity with Article 22 (1) of Regulation No. 3 to a pensioner who is a former frontier worker or the surviving dependent of a frontier worker and to members of his family shall be the liability of the appropriate institution of the member country under whose legislation the frontier worker completed his longest period of employment under an insurance scheme, provided that he was so employed for at least four consecutive months in the course of the twelve months preceding the date from which his pension became payable or the date of his death. If, by the operation of this rule, liability for the said benefits falls upon several institutions, the cost of the benefits shall be borne by the institution to which the frontier worker was last affiliated.

2. The cost of benefits provided in conformity with Article 22 (6) of Regulation No. 3 for a pensioner as defined in Article 22 (1) of the said Regulation or for a member of his family during temporary residence in a Member State other than his country of permanent residence in which none of the institutions liable for payment of his pension is situated shall be borne by the institution determined in accordance with the foregoing paragraph when the conditions laid down therein are satisfied.

Article 13

1. The appropriate institution shall refund the cost of benefits in kind supplied under the provisions of Article 7 (1) of this Regulation to the institution which supplied them.

2. When the benefits in kind referred to in the foregoing Article are provided by an institution other than that liable for the cost thereof, this latter institution shall refund the cost of the said benefits to the institution which provided them.

3. The cost of the benefits referred to in paragraphs 1 and 2 of this Article shall be refunded on the basis of the actual sums disbursed as shown in the accounts of the institutions concerned.

4. The appropriate authorities of two or more Member States may by common agreement, and at the request of the institutions in cases where such a request is required under the legislation of the Member State concerned, adopt other methods of determining expenditure pertaining to the benefits mentioned in paragraphs 1 and 2 of this Article, in particular by way of lump sum assessments. The Administrative Committee shall be informed of any such agreements concluded.

5. When, in cases where the provisions of paragraph 3 of this Article are applied, the legislation of the Member State in which the institution having provided the benefits in kind is situated lays down that, in the case of a beneficiary who is not resident in the administrative area of the appropriate institution of this State and who receives benefits in kind at the expense of this institution from the institution of his place of residence on the territory of the same State, the cost of certain benefits in kind shall be refunded on the basis of flat rates, those flat rates shall be applicable to refunds to the institutions of the said Member State.

6. The provisions of Article 23 (4) and (5) and of Article 43 (d) of Regulation No. 3 and of Article 73 (3) and Articles 77 to 82 of Regulation No. 4 shall apply to the refunds referred to in the foregoing paragraphs of the present Article. For the purposes of applying Article 81 of Regulation No. 4 to the above-mentioned refunds, the annex for which provision is made in Article 4 (1) of the present Regulation shall supersede Annex 6 of Regulation No. 4.

7. However, in exercising the functions assigned to it by Article 78 of Regulation No. 4, the Administrative Committee may, at the request of the appropriate authorities of two or more Member States, entrust to technical commissions established under agreements made or to be made between such States the preparatory work for the Auditing Committee provided for in Article 78 (4) of the said Regulation.

Chapter 2

INDUSTRIAL INJURIES AND OCCUPATIONAL DISEASES

Article 14

Articles 6 and 8 of this Regulation shall apply to any cash benefits other than pensions which may be claimed by a frontier worker who falls victim to an industrial injury or an occupational disease.

Article 15

1. The provisions of Article 7 (1), (2), (4) and (6) and of Article 9 (2) and (3) of this Regulation shall apply to any benefits in kind which may be claimed by a frontier worker who falls victim to an industrial injury or an occupational disease.

2. Should the benefits in kind referred to in paragraph 1 of this Article be provided in the country of permanent residence in accordance with Article 7 (1) of this Regulation, the following provisions shall also apply:

a) When there is no insurance against industrial injuries or occupational diseases in the country of permanent residence of the frontier worker, or when such insurance exists but does not provide for institutions for the supply of benefits in kind, these shall be supplied by the institution of the place of residence responsible for dispensing benefits in kind in the event of sickness;

b) When, under the appropriate legislation, benefits in kind are provided entirely free of charge only if the person concerned make use of the medical service organized by the employer, any benefits in kind provided by the institution of the place of residence shall be considered as having been provided by such a medical service;

c) When the system of compensation for industrial injuries in the appropriate country is not obligatory, the supply of benefits in kind by the institution of the place of residence shall be considered as having been effected at the request of the appropriate institution.

3. In order to obtain, in his country of permanent residence, the benefits in kind referred to in paragraph 1 of this Article, the frontier worker shall present to the institution of his place of residence :

a) A certificate, in the form prescribed by the Administrative Committee, issued by the appropriate institution and stating that he is entitled to the above-mentioned benefits ;

b) An acknowledgement from the appropriate institution of receipt of the notification of an industrial injury or an occupational disease. Should he not produce these documents, the institution of the place of residence shall obtain them from the appropriate institution.

4. Medical certificates made out in the country of permanent residence shall be sent by the institution of the place of residence to the appropriate institution. In accident cases the certificate of recovery or discharge with disablement must indicate any permanent consequences of the accident and describe in detail the condition of the victim. The relevant fees shall be paid by the institution of the place of permanent residence according to the tariff applied by it and shall be charged to the appropriate institution.

5. When the frontier worker receives in his country of permanent residence the benefits in kind referred to in paragraph 1 of this Article, the appropriate institution shall notify the institution of the place of permanent residence of the decision specifying the date of recovery or discharge with disablement and also of the decision regarding the award of a pension.

6. The provisions of paragraphs (1) and (3) to (7) of Article 13 of this Regulation shall apply to the refund of benefits in kind referred to in paragraph (1) of this Article when these benefits have been provided in the country of permanent residence in conformity with the provisions of Article 7 (1) of this Regulation, and also to the refund of fees referred to in paragraph 4 of this Article.

Article 16

1. Any injury sustained by a frontier worker between his residence and the frontier in

the course of the normal journey from his place of permanent residence to his place of work or vice versa shall, in the eyes of the law of the appropriate country, be assimilated to an industrial injury occurring on the territory of that country.

2. If, in such a case, it is necessary to make an enquiry into the circumstances in the country of permanent residence, in addition to the legal enquiry carried out in the appropriate country, an investigator shall be appointed for this purpose by the appropriate institution, which shall inform the authorities of the country of permanent residence of such appointment. The said authorities shall lend their aid in carrying out the enquiry in the country of residence. In particular, they shall designate a person to assist the investigator in consulting police reports or other documents relating to the accident.

Article 17

1. If the legislation of a Member State provides for payment of the costs of transporting the victim to his domicile or to the hospital or to the place of burial, these costs shall be met irrespective of whether the journey has to be made in the territory of the appropriate country or in that of the country of permanent residence. Nevertheless, liability for such costs in the country of permanent residence shall be limited to expenditure corresponding to a journey of 50 kilometres.

2. The costs referred to in the preceding paragraph shall be refunded directly to the victim or to his surviving dependents by the appropriate institution in accordance with the provisions of the legislation which it applies.

Chapter III

UNEMPLOYMENT

Article 18

1. A frontier worker who is totally unemployed is entitled to benefits according to the provisions of the legislation of the Member State of his permanent residence as if he had last been employed in that State. The institution of the place of permanent residence shall be considered as

the appropriate institution for the purposes of Article 33 (1) to (3) and (5) and Article 34 of Regulation No. 3 and of Articles 62 to 65 of Regulation No. 4. The cost of such benefits shall be borne by the institution of the place of permanent residence.

2. A frontier worker partially or for technical reasons unemployed in the establishment employing him shall be entitled to the benefits provided in such cases under the legislation of the appropriate country as if he were permanently resident in that country. The cost of such benefits shall be borne by the appropriate institution.

3. The provisions of Articles 35, 37 and 38 of Regulation No. 3 and of Article 66 of Regulation No. 4 shall apply to a frontier worker who has acquired the right to benefits by virtue of paragraph 1 of the present Article and subsequently transfers his permanent residence to a Member State other than the country where he was last employed. In this case the institution of the place of permanent residence shall be considered as the appropriate institution for the purposes of Article 35 and as the institution of the country where the worker was last employed for the purposes of Article 37.

4. The provisions of Article 33 (4) and Article 36 of Regulation No. 3 shall not apply to frontier workers,

Chapter IV

FAMILY ALLOWANCES

Article 19

The maximum duration referred to in Article 40 (5) of Regulation No. 3 shall not be applicable to frontier workers.

Article 20

1. If a frontier worker has been employed in the course of the same calendar month in two Member States the following provisions shall apply:

a) The family allowances which the worker may claim under the legislation of each of these States shall correspond to the number of daily allowances due under the appropriate legislation. If the legislation of one country provides for monthly allowances, one-twenty-sixth of the amount of such allowances shall be granted under this legislation for each day worked in the State concerned;

b) Where family allowances have been paid in advance by one of the appropriate institutions there shall be an adjustment between the said institutions.

2. In the case mentioned in paragraph 1 above, the provisions of Article 9 (5) of Regulation No. 4 shall not apply.

Article 21

A frontier worker who, in conformity with the provisions of Article 18 (1) or (2) of this Regulation, is in receipt of unemployment benefits payable under the legislation of a Member State shall be entitled to the family allowances payable in the event of unemployment under the legislation of the said State, under the conditions laid down in Article 40 (1) to (4) of Regulation No. 3.

TITLE IV

Final provisions

Article 22

The miscellaneous provisions in Title IV of Regulation No. 3 for the implementation,

execution or interpretation of the said Regulation shall be equally valid for the implementation, execution or interpretation of the present Regulation.

Article 23

1. The present Regulation shall not confer any entitlement to benefit in respect of a period prior to the date of its entry into force.

2. Any insurance period or period treated as such and, where appropriate, any period of employment or period treated as such or any period of residence stipulated by the legislation of a Member State before the date of entry into force of this Regulation shall be taken into consideration in determining entitlement to benefits under the provisions thereof.

3. Subject to the provisions of paragraph 1 of this Article, a benefit shall be payable under this Regulation even if it relates to an event prior to the date of its entry into force. For this purpose any claim which has not been paid, or which has been suspended by reason of the residence of the person concerned or because the incident which gave rise to the claim took place in a Member State other than the country in which the institution liable is situated, shall, at the request of the person concerned, be paid or revived with effect from the entry into force of this Regulation provided that the previous claims have not been settled by payment of a lump sum.

4. In the case of claims arising from the application of the foregoing paragraph, the

provisions under the legislation of the Member States with regard to forfeiture or lapse of rights may not be applied to the persons concerned if the request referred to in the foregoing paragraph is submitted within two years reckoned from the entry into force of this Regulation. Should the request be submitted after expiry of this time-limit, an entitlement to benefit which has not been forfeited nor has lapsed shall be acquired with effect from the date of the request unless more favourable provisions in the legislation of a Member State are applicable.

Article 24

With regard to this Regulation the Administrative Committee shall exercise the powers vested in it by Regulations Nos. 3 and 4 and by this Regulation on its being published.

Article 25

This Regulation shall come into force on the same date as the Regulation provided for in Article 4 (1).

However, the provision of Article 24 will come into force on the date of the publication of this Regulation.

This Regulation is binding as to all parts thereof and directly applicable in every Member State.

Draft regulation on the social security of seasonal workers

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the provisions of the Treaty establishing the European Economic Community, and in particular Article 51 thereof;

Having regard to Regulation No. 3 on the social security of migrant workers and in particular Article 4 (7) thereof;

Having regard to Regulation No. 4 laying down the details and supplementing the

provisions of Regulation No. 3 on the social security of migrant workers;

Having considered the proposal of the Commission,

Whereas under Article 4 (3) of the above-mentioned Regulation No. 3, the provisions of that Regulation are not applicable to seasonal workers if the benefits provided for them are regulated by special provisions contained in a social security convention within the meaning of Article 1 (c) of the said Regulation;

Whereas by virtue of Article 4 (4) of Regulation No. 3, the provisions of that Regulation listed in Annex C are not applicable to seasonal workers employed in a Member State mentioned in the said Annex or who are nationals of the said Member State, or stateless persons or refugees residing in the said State and employed in another Member State ;

Whereas Article 4 (7) of Regulation No. 3 provides that the Council shall draw up a subsequent Regulation laying down special provisions for seasonal workers, upon the entry into force of which paragraphs (3) and (4) of Article 4 of the said Regulation shall become inoperative ;

Whereas the general provisions of Regulations Nos. 3 and 4 and the arrangements they lay down for invalidity, old-age and death (pensions; and death grants are

applicable to seasonal workers without further stipulation) ;

Whereas special provisions, complementary to those laid down by Regulations Nos. 3 and 4, are required to determine which legislation is applicable and also for sickness and maternity, industrial injuries and occupational diseases, unemployment and family allowances, because of the special situation of seasonal workers, who do not transfer their residence to the Member State in which they are employed for a limited period ;

Whereas the High Authority of the European Coal and Steel Community has declared that the system laid down in the following Regulation may replace the arrangements mentioned in Article 69 (4) of the Treaty establishing the European Coal and Steel Community ;

HAS ADOPTED THE FOLLOWING REGULATION :

TITLE I

General provisions

Article 1

For the purpose of this Regulation :

a) The expression "Regulation No. 3" means Regulation No. 3 of the Council of the European Economic Community on the social security of migrant workers, dated 25 September 1958 and published in the official gazette of the European Communities of 16 December 1958 ;

b) The expression "Regulation No. 4" means Regulation No. 4 of the Council of the European Economic Community laying down procedures for and supplementing the provisions of Regulation No. 3 on the social security of migrant workers, dated 3 December 1958 and published in the official gazette of the European Communities of 16 December 1958 ;

c) The expression "seasonal worker" means a worker who goes to one of the Member States to perform, for an employer or employers, work for wages or work treated

as such for a period of less than twelve months without transferring his residence to that State. The provisions of Article 1 (1) of Regulation No. 3 shall no longer apply.

d) The expression "country of permanent residence" means the Member State in which the seasonal worker has his permanent residence.

Article 2

1. The provisions of this Regulation shall apply to seasonal workers who are or have been subject to the legislation of one or more of the Member States and who are nationals of one of the Member States or who are stateless persons or refugees, as well as to members of their families and to their surviving dependents.

2. The provisions of this Regulation shall also apply to the surviving dependents of seasonal workers who have been subject to the laws of one or more of the Member States irrespective of the nationality of such

workers when the said surviving dependents are nationals of one of the Member States or stateless persons or refugees residing in one of the Member States.

Article 3

Except as otherwise provided in this Regulation the provisions of Regulations Nos. 3 and 4 shall apply to the persons to whom this Regulation applies.

Article 4

1. With respect to the persons to which it applies, the provisions of this Regulation shall replace the provisions applicable to seasonal workers contained in any social security convention concluded between Member States. However, those provisions of such conventions enumerated in an annex

drawn up under a later Council Regulation adopted on a proposal of the Commission within six months of the publication of this Regulation shall continue to apply.

2. The provisions of Article 6 (3) of Regulation No. 3 shall apply as regards any necessary amendments to the Annex provided for in the foregoing paragraph.

3. Article 6 (2) (c) and (d) of Regulation No. 3 are cancelled. The reference to Article 6 (2) (c) of Regulation No. 3 which appears in Article 6 (1) of Regulation No. 4 is deleted.

4. Each Member State shall notify the Chairman of the Administrative Committee of any convention concerning the social security of seasonal workers concluded between it and a country which is not a Member State.

TITLE II

Special provisions

Chapter 1

SICKNESS, MATERNITY

Article 5

The time-limit of one month laid down in Article 17 (1) of Regulation No. 3 shall be increased to four months in the case of seasonal workers.

Article 6

1. Benefits to which a seasonal worker is entitled shall be provided by the appropriate institution as if he were permanently resident in the appropriate country.

2. A seasonal worker entitled to benefits at the expense of the appropriate institution shall retain this entitlement when he returns to his country of permanent residence. Before returning, however, the seasonal worker must obtain the authorization of the appropriate institution, which shall take due account of the reasons for such return.

3. When, after returning to his country of permanent residence, a seasonal worker does not fulfil the conditions for entitlement to the benefits provided for under the legislation of that country and is still entitled to benefits under the legislation of the Member State in which he was last insured before his return or would be so entitled if he were in that State, he shall receive benefits in kind in his country of residence at the expense of the appropriate institution.

4. Benefits in kind in cases coming under paragraphs 2 and 3 of this Article shall be provided by the institution of the place of permanent residence in accordance with the provisions of the legislation applied by the said institution, in particular as regards the extent of the benefits in kind and the manner in which they are provided; nevertheless, the period during which these benefits shall be provided shall be that laid down by the legislation of the appropriate country. When the legislation of the country of permanent residence provides for more than one system of sickness and maternity

insurance, the provisions applicable are those which would have been applied if the seasonal worker had last been employed in that country.

5. The grant by the institution of the place of permanent residence, in cases coming under paragraphs 2 and 3 of this Article, of artificial limbs, large appliances and other major benefits in kind appearing on the list drawn up by the Administrative Committee shall be subject to authorization by the appropriate institution except in cases of extreme urgency.

6. In the case covered by paragraph 2 of this Article cash benefits shall be paid in conformity with the legislation of the appropriate country. The appropriate institution shall pay these benefits by international money order and inform the institution of the place of permanent residence of such payment. However, at the request of the appropriate institution the said benefits may be paid by the institution of the place of permanent residence on behalf of the appropriate institution; the latter shall then inform the institution of the place of permanent residence of the amount of the benefits, of the date or dates at which they may be paid and of the maximum period during which they are to be paid.

Article 7

In the course of the journey to his place of work at the beginning of the period for which he has been engaged and while returning from it at the end of the said period, the seasonal worker shall benefit by the provisions of Article 19 (1, 3, 5 and 6) of Regulation No. 3 and of Article 18 (1) and Articles 19 and 20 of Regulation No. 4 even if he does not reside in the appropriate country, provided the duration of the journey is not more than two days in either direction. When the legislation of the country in which the institution supplying the benefits in kind is situated provides for more than one system of sickness and maternity insurance, the provisions applicable shall be those which would have applied if the seasonal worker had last been employed in that country.

Article 8

1. The time-limit provided for in Article 20 (2) of Regulation No. 3 shall not be applicable to the members of the family of a seasonal worker.

2. When the members of the family of a seasonal worker are temporarily resident in the appropriate country they shall receive benefits in kind in conformity with the legislation of the said country. This rule shall also apply when the members of the family have already received, in respect of the same case of sickness or maternity, the benefits provided by the institutions of the Member State in which they reside. If the legislation applicable by the appropriate institution fixes a maximum duration for the grant of benefits, the period during which benefits were provided immediately before departure shall be taken into account.

3. Members of the family who have received benefits in conformity with the provisions of the foregoing paragraphs shall retain this entitlement when they return to their country of permanent residence. In such a case the provisions of Article 6 (4 and 5) of this Regulation shall be applicable to them.

Article 9

1. In order to continue to receive benefits in kind in his country of residence in, the case covered by Article 6 (2) of this Regulation, the seasonal worker must produce to the institution of the place of residence a certificate, in the standard form prescribed by the Administrative Committee, by which the appropriate institution authorizes him to continue to receive benefits after returning to his country of permanent residence. Where necessary the said institution shall indicate in this certificate the maximum period for provision of benefits in kind stipulated in the legislation of the appropriate country. The appropriate institution shall send a copy of this certificate to the office named by the competent authority of the seasonal worker's country of permanent residence. The appropriate institution may issue the certificate at the request of the seasonal worker after his return, if for reasons

of force majeure it was not possible to make out the certificate earlier.

2. In order to receive benefits in kind in his country of residence in the case covered by Article 6(3) of this Regulation, the seasonal worker shall be required to present to the institution of the place of permanent residence a certificate in the standard form prescribed by the Administrative Committee issued by the appropriate institution, if possible before the seasonal worker returns to his country of permanent residence, stating that he is entitled to the benefits referred to above. This certificate shall indicate in particular the length of the period during which these benefits may be provided. Should the seasonal worker not produce the said certificate, the institution of the place of permanent residence shall obtain it from the appropriate institution.

3. When benefits in kind are provided in the cases covered by Article 6(2 and 3) of this Regulation, the following arrangements shall also apply:

a) If a patient is admitted to hospital, the institution of the place of permanent residence shall within three days of the date of which it was itself informed notify the appropriate institution of the date of entry into a hospital or other medical establishment and the probable duration of in-patient treatment. When the insured person is discharged from a hospital or other medical establishment, the institution of the place of permanent residence shall notify the appropriate institution of the date of his discharge within the same time limit;

b) The institution of the place of permanent residence shall apply to the appropriate institution for authorization to grant the benefits referred to in Article 6(5) of this Regulation. When these benefits have been provided in a case of extreme urgency without the authorization of the appropriate institution, the institution of the place of permanent residence shall immediately notify the said institution;

c) The institution of the place of permanent residence shall cause the beneficiary to be examined periodically, either on its own

initiative or at the request of the appropriate institution, in order to ascertain whether the medical treatment is being effectively and regularly administered. The institution must carry out these examinations and immediately inform the appropriate institution of the findings. Assumption by the appropriate institution of liability for the cost of medical treatment is conditional upon the observance of these rules.

4. The appropriate authorities of two or more Member States may by agreement make other practical arrangements, which shall be submitted to the Administrative Committee for its opinion.

Article 10

1. In order to continue to receive cash benefits in his country of permanent residence in the case covered by Article 6(2) of this Regulation, the seasonal worker shall be required to apply immediately to the institution of his place of permanent residence and produce, if the legislation of the country of permanent residence so provides, a certificate of incapacity to work issued by the doctor treating him. He shall also state his address in the country of permanent residence and the name and address of the appropriate institution.

As soon as possible, and in any case within the three days following the date on which the seasonal worker applied to the institution of his place of permanent residence, this institution shall have the worker examined by one of its medical examiners. The report of this doctor, mentioning the probable duration of the incapacity to work, shall be sent by the institution of the place of permanent residence to the appropriate institution within three days following the date of the examination. No later than a clear week after receiving this report, the appropriate institution shall inform the institution of the place of permanent residence whether the seasonal worker may receive cash benefits in his country of permanent residence.

2. The following arrangements are also applicable to the provision of cash benefits

in the case covered by Article 6 (2) of this Regulation :

a) The institution of the place of permanent residence shall carry out the medical examination and administrative checking of the seasonal worker as if he were affiliated to it and shall communicate the result to the appropriate institution ;

b) When the institution of the place of permanent residence finds that the seasonal worker is fit to resume work it shall advise him of the date on which he must do so and immediately send a copy of this notification to the appropriate institution. Cash benefits shall cease to be paid with effect from the date fixed by the institution of the place of permanent residence for the resumption of work ;

c) When the appropriate institution decides, on the basis of the information received, that the seasonal worker is fit to resume work, it shall request the institution of the place of permanent residence to inform the worker of its decision. Cash benefits shall cease to be paid from the day following that on which the worker was informed of this decision ;

d) If, in the same case, two different dates for the resumption of work are fixed by the institution of the place of permanent residence and by the appropriate institution respectively, the date fixed by the appropriate institution shall be decisive.

3. The competent authorities of two or more Member States may by agreement make other practical arrangements, which shall be submitted to the Administrative Committee for its opinion.

Article 11

1. In the case covered by Article 8 (2) of this Regulation, the appropriate institution shall, where necessary, request the institution of the place of permanent residence of any member of the family who is temporarily residing in the appropriate country to supply it with information concerning the period during which benefits were provided immediately prior to this temporary residence.

2. The provisions of Article 9 (1, 3 and 4) of this Regulation shall apply to members of the family who return to the country of permanent residence after having received benefits in kind at the expense of the appropriate institution during temporary residence in the appropriate country.

Article 12

1. When benefits in kind are provided under Article 6 (2 and 3) and Article 8 (3) of this Regulation, the appropriate institution shall be required to refund the amount of expenses pertaining to the said benefits to the institution which provided them.

2. When the legislation of the Member State in which the institution having provided the benefits in kind is situated lays down that, in the case of a beneficiary who is not resident within the administrative area of the appropriate institution of this State and who receives benefits in kind at the expense of this institution from the institution of his place of residence in the territory of the same State, the cost of certain benefits in kind shall be refunded on the basis of flat rates ; those flat rates shall be applicable to refunds to the institutions of the said Member State.

3. The provisions of Article 23 (4 and 5) and of Article 43 (d) of Regulation No. 3 and those of Articles 73 (1 to 4) and 77 to 82 of Regulation No. 4 shall apply to the refunds mentioned in paragraph 1 of the present Article. For the purposes of applying Article 81 of Regulation No. 4 to the above-mentioned refunds, the annex for which provision is made in Article 4 (1) of the present Regulation shall supersede Annex 6 of Regulation No. 4.

Chapter 2

INDUSTRIAL INJURIES AND OCCUPATIONAL DISEASES

Article 13

1. The provisions of Articles 6, 9 and 10 of this Regulation shall apply to benefits in kind and cash benefits other than pensions

which may be claimed by a seasonal worker who is the victim of an industrial injury or an occupational disease.

2. Where the benefits in kind referred to in the foregoing paragraph are provided in the country of permanent residence in accordance with the provisions of Article 6 (2 and 3) of this Regulation the following provisions shall also apply:

a) When there is no insurance against industrial injuries or occupational diseases in the country of permanent residence of the seasonal worker, or when such insurance exists but does not provide for institutions for the supply of benefits in kind, these shall be supplied by the institution of the place of residence responsible for dispensing benefits in kind in the event of sickness;

b) When, under the appropriate legislation, benefits in kind are provided entirely free of charge only if the person concerned makes use of the medical service organized by the employer, any benefits in kind provided by the institution of the place of residence shall be considered as having been provided by such a medical service;

c) When the system of compensation for industrial injuries in the appropriate country is not obligatory, the supply of benefits in kind by the institution of the place of residence shall be considered as having been effected at the request of the appropriate institution.

3. The provisions of the foregoing Article shall be applicable to the refund of benefits in kind referred to in paragraph 1 of the present Article when such benefits have been provided in the country of permanent residence in accordance with the provisions of Article 6 (2 and 3) of this Regulation.

Article 14

1. If the legislation of a Member State provides for payment of the costs of transporting the victim to his domicile or to the hospital or to the place of burial, these costs shall be met irrespective of whether the journey has to be made in the territory of the appropriate country or in

that of the country of permanent residence. Nevertheless, liability for such costs in the country of permanent residence shall be limited to expenditure corresponding to a journey of 50 kilometres.

2. The costs referred to in the preceding paragraph shall be refunded directly to the victim or to his surviving dependents by the appropriate institution in accordance with the provisions of the legislation which it applies.

Chapter 3

UNEMPLOYMENT

Article 15

1. A seasonal worker partially or for technical reasons unemployed in the establishment employing him shall be entitled to the benefits provided for in such cases under the legislation of the appropriate country as if he were permanently resident in that country.

2. A seasonal worker who becomes unemployed in the course of the period for which he was engaged and who returns to his country of permanent residence is entitled to benefits in accordance with the legislation of the Member State in which he was last employed. Nevertheless, the duration of such entitlement may not exceed five months reckoned from the date when it became effective.

3. The benefits referred to in the foregoing paragraph shall be provided by the institution of the place of residence under arrangements laid down in the legislation applied by the said institution.

4. The provisions of paragraph 2 of this Article shall not apply to benefits, if any, granted to persons who are voluntarily unemployed or to workers dismissed for justified reasons of breach of labour contract and in all cases in which the worker has been employed less than three months in the country in question.

5. For such time as the worker can claim benefits under paragraph 2 of this Article

he shall not be entitled to unemployment benefit under any provision of the legislation of his country of residence.

6. The provisions of Article 33 (5) and of Article 36 of Regulation No. 3 shall not apply to the seasonal workers referred to in paragraphs 1 and 2 of this Article.

7. Where unemployment benefits are paid in accordance with paragraph 2 of this Article, the institution of the country where the worker was last employed shall be required to refund to the institution which paid them a sum equivalent to 85 % of the actual amount of the benefits in question. This percentage may be altered by agreement between two Member States.

8. The provisions of Article 23 (4 and 5) and of Article 43 (d) of Regulation No. 3 and those of Articles 78, 79 and 80 of Regulation No. 4 shall apply to the refunds provided for in the foregoing paragraph of this Article.

Article 16

1. In order to receive benefits under paragraph 2 of the foregoing Article, the unemployed person must produce to the institution of his place of permanent residence a certificate in the standard form laid down by the Administrative Committee, issued by the competent institution, if possible before his return to the country of permanent residence, and stating that he is entitled to the said benefits. This certificate shall indicate in particular the amount of the benefits due under the legislation of the appropriate country and the maximum period during which they may be paid in conformity with paragraph 2 of the foregoing Article. Should the unemployed person not produce the certificate the institution of the place of permanent residence shall request the appropriate institution to draw up and transmit such a certificate.

2. The appropriate institution may at any time request the institution of the place of residence to furnish information concerning

the situation of the beneficiary, in particular his condition of being involuntarily unemployed and jobs which have been offered to him.

Article 17

1. A seasonal worker who, after his return to his country of permanent residence at the end of the season for which he was engaged, becomes unemployed in the said country shall be entitled to unemployment benefits under the legislation of that country as though he had last been employed there. In this case the institution of the place of permanent residence shall be considered as the appropriate institution for the purposes of Article 33 (1, 2, 3 and 5) and Article 34 of Regulation No. 3 and Articles 62 to 65 of Regulation No. 4. The cost of such benefits shall be borne by the institution of the place of permanent residence.

2. The provisions of Article 33 (4) and of Article 36 of Regulation No. 3 shall not apply to seasonal workers referred to in the foregoing paragraph.

Chapter 4

FAMILY ALLOWANCES

Article 18

The time-limit referred to in Article 40 (5) of Regulation No. 3 shall not be applicable to seasonal workers.

Article 19

A seasonal worker who, in conformity with the provisions of Article 15 (1 or 2) of this Regulation, is in receipt of unemployment benefits payable under the legislation of a Member State shall be entitled to the family allowances payable in the event of unemployment under the legislation of the said state, under the conditions laid down in Article 40 (1 to 4) of Regulation No. 3.

TITLE III

Final provisions

Article 20

The miscellaneous provisions in Title IV of Regulation No. 3 for the implementation, execution or interpretation of the said Regulation shall also be valid for the implementation, execution or interpretation of the present Regulation.

Article 21

1. The present Regulation shall not confer any entitlement to benefit in respect of a period prior to the date of its entry into force.

2. Any insurance period or period treated as such and, where appropriate, any period of employment or period treated as such or any period of residence stipulated by the legislation of a Member State before the date of entry into force of this Regulation shall be taken into consideration in determining entitlement to benefits under the provisions thereof.

3. Subject to the provisions of paragraph 1 of this Article, a benefit shall be payable under this Regulation even if it relates to an event prior to the date of its entry into force. For this purpose any claim which has not been paid, or which has been suspended by reason of the residence of the person concerned or because the incident which gave rise to the claim took place in a Member State other than the country in which the institution liable is situated, shall, at the request of the person concerned, be paid or revived with effect from the entry into force of this Regulation provided that

the previous claims have not been settled by payment of a lump sum.

4. In the case of claims arising from the application of the foregoing paragraph, the provisions under the legislation of the Member States with regard to forfeiture or lapse of rights may not be applied to the persons concerned if the request referred to in the foregoing paragraph is submitted within two years reckoned from the entry into force of this Regulation. Should the request be submitted after expiry of this time-limit, an entitlement to benefit which has not been forfeited nor has lapsed shall be acquired with effect from the date of the request unless more favourable provisions in the legislation of a Member State are applicable.

Article 22

With regard to this Regulation the Administrative Committee shall exercise the powers vested in it by Regulations Nos. 3 and 4 and by this Regulation on its being published.

Article 23

This Regulation shall come into force on the same date as the Regulation provided for in Article 4 (1).

However, the provision of Article 22 will come into force on the date of the publication of this Regulation.

This Regulation is binding as to all parts thereof and directly applicable in every Member State.

