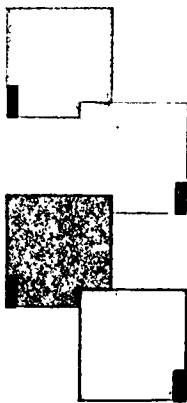


COMMUNAUTÉ  
ÉCONOMIQUE EUROPÉENNE

COMUNITÀ  
ECONOMICA EUROPEA



EUROPÄISCHE  
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**BULLETIN**

of the

**EUROPEAN  
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COMMUNITY**

**EEC**

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**THE FIRST STAGE OF THE COMMON MARKET  
REPORT ON THE EXECUTION OF THE TREATY**

(January 1958 - January 1962)

The Commission has just published in the four official languages, and also in English, a report on the execution of the Treaty during the first four years of the existence of the European Economic Community. The report is entitled: "The first stage of the Common Market - Report on the execution of the Treaty". The introduction is by the President of the Commission, Professor Walter Hallstein, who gives a brief account of the progress achieved in the economic and political fields. "Every balance sheet", he writes, "closes with a summing up; that of the Community must be recognized as a record of success and this was the conclusion drawn by the Council when it decided to move on to Stage Two of the Transition Period".

The work, illustrated by photographs and diagrams, has two main chapters, the first dealing with the internal development of the Community, and the second with the Community and the outside world (pp.122 - price: £0-5-8, \$0.80, Bfrs.40). Orders may be placed at the addresses indicated on the back cover of the "Bulletin of the European Economic Community".

# BULLETIN

of the European Economic Community



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# The European Economic Community as an element in a new world order

by Walter HALLSTEIN,  
President of the EEC Commission

*The following text consists of extracts from an address given to the Diplomatic Press Association in Paris on 22 June 1962 by Professor Walter Hallstein.*

*The first half of his address was devoted to a cursory summing-up of the first stage and the impact of the Community's success on its relations with the rest of the world.*

'...The second fact I should like to stress is the fresh initiative taken by the Kennedy Administration. Technically it is known as the "Trade Expansion Act"; at the political level we speak of the "Atlantic Partnership". There is no question here of a Copernican revolution, for the United States' attitude to our work has not varied. From the outset it has been not only friendly but also helpful and to some extent it has even been the source of what we have achieved. I need only remind you that the reconstruction of Europe and consequently the integration of Europe would have been impossible without the Marshall Plan. But the step taken by the Kennedy Administration with respect to trade policy opens an entirely new phase. Europe, hitherto passive, is now becoming an active partner. I sometimes get the impression that the extraordinary significance of this change is not fully appreciated. It is true that there is an element of anticipation in all this, since to treat the Community in the making as a perfect entity is to run ahead of events. But such anticipation would not even come to mind, if it were not grounded in lucid political calculation; it is our common effort which in the last twelve years has forged the basis on which this calculation rests. Had we not done what we have done in the Community, the policy of the leading world power would not have begun to swing towards us and thus give Europe an opportunity such as no one would have dared to dream of only a few years ago. However, even these proofs — the swing round of the United Kingdom, the new Community slant to American trade policy — may still not be sufficient to sweep away all doubts as to the reality of our successes.

Now, among the reactions of the outside world there is one that I can honestly claim to have foreseen as clearly as the result of a mathematical equation. I mean Khrushchev's reaction. This is a new event which deserves all our attention.

For several weeks now attacks on the Community have been made not only in occasional speeches of the Soviet Premier, but also daily and hourly by the Soviet press and radio, and these attacks give the impression that a vast political and psychological offensive is under way. But I think that the truth is' — and this shows the importance of the event — that Khrushchev is really on the defensive. This, by the way, would not be at all necessary if the Eastern countries could make up their minds to see the world as it is. Perhaps the

best means of getting to the heart of things is to take two of their main arguments.

One of these is that the Common Market is aggravating conflicts in the capitalist camp, is setting in train a bitter struggle of monopolies for their positions on the market splitting Europe into rival economic groups.

A curious argument. How can a process of integration be aggravating conflicts? How can the growing interpenetration of markets within the Community, which in four years brought us an increase of 73 % in internal trade with a simultaneous increase of 25 % in the Community's gross product and of 29 % in its industrial production be construed as a murderous battle of monopolies for their positions on the market? How can the manifest desire of our European neighbours — with whom, I may add, our trade has been steadily rising — to join the Community or to come closer to it in one way or another be interpreted as a division of Europe?

What we are up against here is not apparent contradictions but very real illogicalities, which it would not be very difficult to refute on factual grounds. That a competitive economy is naturally based on competition requires no explanation. The prosperity this competition has brought us is visible and tangible.

Every chapter of our Treaty shows that in the last analysis our free society is successfully engaged in organizing this competition fairly and, therefore, profitably for all its members. But we do not need to demonstrate the falsity of the arguments used against us. What is more important is that we should discern the deeper implications of the attack and draw the appropriate conclusions for ourselves.

The underlying meaning of the attacks made on us is that the Soviet leaders have realized fully, although very belatedly, that something is happening here with unexpected speed and surprising success, something which according to Marxist-Leninist theory simply cannot happen. It is not possible that the capitalist states should overcome their differences and unite. It is not possible that such a union should create the conditions for a long-term economic policy covering wide areas and thus secure stability and invulnerability to crises. It is not possible that the process of integration should set off impulses engendering steady and even sometimes tumultuous economic expansion. It is not possible that these happenings should foreshadow an economic order which may one day embrace the whole of the free world.

All this, then, is impossible, not only on theoretical grounds, but also for practical reasons. It is impossible for practical reasons, because economic development in the Eastern Bloc is now in the throes of a crisis which is apparently causing the Soviet leaders growing concern. This is not only a crisis of the Soviet economic system in itself — we only have to think of agriculture — but at the same time, ironically enough, a crisis of integration, as the painfully contrived over-subtle and arid text of the last Comecon resolution shows.

But before drawing conclusion from this, I should like, if I may, to come back to what seems to me to be the second key argument of Soviet propaganda.



It is mainly addressed to the developing countries and is an effort to play on their many misgivings and susceptibilities. It contends in very broad terms that the Community is a union of the rich to exploit the poor and — particularly for the ear of the African States associated with the Community — that the essential aim of the Community's link with these States is to keep them in subjection and to prevent them from developing their industries.

These arguments are also easy to refute but they too have a deeper meaning.

I believe that the historians of future times will record that the free world of our day was undergoing a swift and far-reaching transformation. Just as in the nineteenth century, the movement away from "laissez-faire" towards the principle of social solidarity took place in a few decades in the national framework, within the space of a few years a similar transformation is taking place today in the international field. Yesterday we became aware of the solidarity of nations, today we are becoming aware of the solidarity of the family of nations. And here again we find that this new vision of things first leads to benefaction — in our case initially by financial aid to development. This is followed by a phase of systematic social organization — in our case the establishment of a world trade and economic order which will make it possible to practice solidarity on rational lines.

Is there any need to mention the role played in this connection by the Community? Is there any need to describe how the creation of this large economic Community, the biggest trade partner in the free world, demands, facilitates and speeds up the introduction of this general new order? Lastly, is there any need to indicate all that this means for the Soviet leaders who nurtured the hope of bringing the developing countries into their sphere of political influence?

Let the facts and figures speak for themselves. During the four years since the entry into force of the Treaty of Rome, the member countries of the European Economic Community have devoted in all nearly \$ 10 000 million to development aid. But the Community as such has also set up a Development Fund from which the associated African States have received no less than \$ 581 million in the first five years of the Treaty's implementation.

But the crucial fact is that our association is a perfectly free union. You know that the current Implementing Convention expires at the end of this year. We are at present negotiating an association agreement with the African States and the reason why we are doing so is that they themselves desire it. They are free countries, sovereign States and no pressure is being brought to bear on them.

In particular, the allegation that the EEC is preventing these States from setting up their own industries is absurd. Sixty-five per cent of Community aid has been devoted to infrastructure and to boosting their economies. And the same will be true in the future under the new Development Fund, whose resources will probably be further increased. Moreover, though the Community for its part has accepted a commitment to import products from its associates duty-free, it has granted them the right to protect, unilaterally, their industries against imports from the Community. This is certainly far removed from colonialism.

In conclusion, allow me, after these rather negative reflections, to come back to a subject that I have already touched on several times when I was speaking of Atlantic Partnership and world economic order. The two are closely linked, and it could not be otherwise.

President Kennedy has several times very correctly described his new approach as an "open partnership" and this description corresponds fairly closely with the requirements of the situation and of the moment.

Partnership means constant, close and systematic co-operation, no more and no less. It is not a "Community" in our European sense, nor can it be.

As we see every day, the emergence of a new unit at the present stage of development, is possible only in a precise regional framework. It would be unrealistic to aim at a world state. But what we can do and what we must do is to introduce an order supported by two solid pillars: the United States of America and Europe. I used the word "supported" to express the idea of exercising responsibility, that is to say a function which consists as much in serving and in helping as in imposing order.

Secondly, the partnership has been described as "open". This means that it has no frontiers. Here again it could not be otherwise. It would be unthinkable that the United States and Europe should establish between themselves relationships involving discrimination against the rest of the world. On the contrary the proposed partnership is non-discriminatory, in accordance with GATT requirements. And it is only in this way that it can fulfil its function, which is becoming increasingly clear, that is, to give the free world the economic order it needs. We know today that the questions involved for us in the production of, and trade in, agricultural products, tropical products, raw materials and manufactured products from countries with differing stages of development cannot be answered unless we find solutions on a world scale which are also global in the material sense. We shall not manage this unless the leading economic powers follow a concerted and at the same time open policy. And again this means that we must move forward as quickly as possible.

This is the note on which I should like to conclude, and I could not stress it with more conviction, with more emotion, even, than in the capital of this country.

For we have not forgotten, and we shall not forget, that it was France which opened the way to a United Europe. Nor shall we cease to believe that France will never abandon its task, which is to play a decisive role in guiding this development.'

# I. Towards a common energy policy

## Summary of an address by M. R. Marjolin, Vice-President of the EEC Commission

On 14 June 1962 M. Robert Marjolin, Vice-President of the Commission of the European Economic Community, addressed the Institute for the Economics of Energy of the University of Cologne on the Commission's views concerning a long-term solution of Europe's energy problems.

M. Marjolin began by mentioning the vast differences between the energy policies pursued by the various Member States. Although the situations in Germany, Belgium and France might be rather similar because in these countries considerable protection was given to coal, conditions were quite different in the Netherlands, where the coal industry was much less important, and even more so in Italy, which had always been dependent on imports. The role of the executive organ of the EEC was to work for an energy policy that all Member States would recognize as the most favourable for the Community in the long run. In doing this they would have to bear it constantly in mind that the proposals they made did not concern an isolated sector of the economy but formed part of economic policy as a whole and might come to have a decisive effect upon that policy.

In the Commission's opinion, the only really defensible policy was to ensure a cheap supply of energy, an aim that could be achieved under conditions of adequate security.

In the severe competition that would soon bring the European economy face to face with the other great industrial regions of the world, a reduction in the price of energy would be of great assistance to its industries.

Apart from the aims of low cost and security, other matters must not be lost sight of, particularly the social problems, which were of such importance in the case of coal mining; but no satisfactory long-term solution could be found to any social problem if basic economic rules were flouted.

M. Marjolin then went on to say that the Commission wholeheartedly supported the principles of a common energy policy set out in a resolution adopted by the European Parliament on 20 February 1962 :

- a) cheap supplies,
- b) assured supplies,
- c) any change-over should be gradual,
- d) long-term stability of supplies,
- e) free choice for the consumer,
- f) unity of the common market.

Although the Commission was only responsible for petroleum, natural gas and electricity, M. Marjolin gave an indication — a purely personal one, since the matter came under ECSC — of the lines along which a solution to the coal problem could be sought. There were several grounds for keeping the Community's coal

output at a higher level than would be permitted by the free play of competition (without taxes, duties or quota restrictions). The first was that the future trend of the price of imported fuel was not known with enough certainty; even if it could legitimately be hoped that imported fuel prices would remain at about their current level, the fact remained that under the pressure of external events these prices tended to rise, and they might one day regret having abandoned productive capacity which, though not competitive under present conditions, might eventually become so again as a result of a general rise in import prices. Another reason was that in view of the need to assure regularity of supply, it might prove reasonable to retain sources whose costs did not allow them to be competitive. Lastly, the coalfields certainly needed time and relative security to continue the efforts at rationalization they had begun. To deny them this would be to jeopardize the entire process of rationalization.

Naturally, whatever the output decided on, it should come only from the most productive pits, and some pressure should still be exerted on the coal industry to encourage it to continue and intensify the rationalization successfully undertaken some years ago.

However, protection in the form now provided in all countries (quantitative restrictions, duties and taxes on consumption) had the effect of bringing the price of every form of energy up to that of the most expensive. In contrast, the justification for giving protection to coal being political rather than economic, it would be logical for the burden to be carried by the economy as a whole and not only by the consumers of energy, as was now the case. The support that would thus be given to coal mining should therefore in the long run take the form of an aid to the producers — by way of direct or indirect subsidies, for instance — which made it possible to pass smoothly from a protected market to a market more open to outside competition.

It was up to the High Authority of ECSC to make the proposals which would embody these support measures in practical form.

As for petroleum, M. Marjolin outlined the proposals the Commission intended to make to the Governments.

In addition to the definition of common long-term aims, which would be fully realized at the end of the transition period, these proposals contained temporary provisions which would enable existing national systems to merge smoothly into a Community system, while avoiding any repercussions that might damage the economies of Member States or the workers in particular.

For the final period, which should begin in 1970, the Commission proposed to set up a system incorporating the following provisions for petroleum :

- a) Freedom of movement for petroleum and petroleum products between the Member States without quantitative restrictions or customs duties, in accordance with the terms of the Treaty;
- b) Freedom to import crude oil and petroleum products from non-member countries, except in the case of the Eastern bloc for which there would be a Community quota;
- c) Continued exemption for crude oil in the common external tariff and low duties for petroleum products. Taxes on consumption which affect petroleum

products for industrial use (mainly fuel oil) would be fixed at the lowest uniform rate for the whole Community (considerably below the rates currently charged in most Member States);

d) Measures to secure an effective diversification of sources of supply. Products derived from crude oil of Community origin would be entitled to certain advantages, which could also be granted, in whole or in part, to products from other areas whose output the Community would like to encourage;

e) A common stockpiling policy, fixing a minimum level of stocks and working out common methods of financing them.

f) A procedure to ensure that market prices for petroleum products were published after sales, so as to bring into line the different rules of competition for coal and petroleum arriving from the application of two different Treaties. The oil companies would be subject to the rules of the Treaty of Rome which were designed to prevent the abuse of dominant positions.

In view of the vital importance to the Community of regular and cheap supplies of energy, the Commission intended to set up a standing committee including representatives of the Member States and of the Commission, which would follow market trends in respect of the movement of oil prices and the security of supplies and on the co-ordinated development of refining capacity and pipelines.

In order to achieve these aims, stages would be defined for the transition period. As a first step a procedure for prior consultation would have to be established so that the Governments did not enact new measures or amend existing ones in any way which would make it more difficult to achieve the common policy as fixed for the period when the transition is completed.

Within the EEC the free movement of petroleum products and the gradual abolition of customs duties were clearly defined by the Treaty of Rome and by the speed-up decision. As regards trade restrictions between Member States, certain special import systems would have to be amended or dispensed with.

Duties for petroleum products in respect of non-member countries still remain to be settled. The Commission, as directed by the Treaty, would no doubt make its proposals to the Member States in the course of this year; the lines laid down for energy policy implied that duties would be at a low level.

These provisions, however, did not yet apply to the Federal Republic which had the right — under the special protocol on mineral oils — to maintain until January 1964 the customs duties applied before the entry into force of the Treaty.

It was proposed to maintain freedom of imports except for products from the Eastern bloc for which a global quota was to be introduced. From 1963 this could be allocated among the Member States in the light of existing conditions and of any new needs that might arise.

The other means of protection now being applied was the tax on consumption. Because of the protective effect of these duties and their importance to user industries, the Commission considered that at any rate the taxes on energy products of concern to industry should gradually be harmonized, even if this was

not formally prescribed in the Treaty. The unified rate of tax for the end of the transition period should be very moderate but an intermediate stage at a higher level could be fixed for the beginning of the third stage (1 January 1966).

Tax on motor fuels would gradually be harmonized in view of the effect the price of these fuels might have on the level of consumption and consequently on the structure of the refining industry.

Once the transition period was under way, the brunt of the work would fall on the Standing Committee on Petroleum Policy. The senior officials responsible for the oil sector in the Member States already met regularly on the initiative of the Commission to keep an eye on the situation. They had set up the machinery for exchanging information on investment in refineries, transport and distribution, and on imports mainly those from the Eastern bloc. These contacts would have to be amplified and extended to other aspects of the market, particularly to prices and the security of supplies.

## II. Accession of other countries to the Community

### **Negotiations with the United Kingdom**

The eighth ministerial meeting held in Brussels on 28, 29 and 30 June 1962 under the chairmanship of M. Colombo, the Italian Minister for Trade and Industry, dealt mainly with temperate agricultural products and with association under Part Four of the Treaty of Rome.

#### a) *Temperate agricultural products*

For agricultural exports from Commonwealth countries in the temperate zone, the British delegation had requested "comparable outlets" to those at present enjoyed by those countries on the British market and that of the Community.

The meeting brought out the fact that the British delegation and the Six consider that a final solution of this problem must be sought by way of world commodity agreements.

As for the transitional arrangements that would have to be made if the United Kingdom joined the EEC, a distinction should be made between products on which there was tariff preference and those having no such advantage on the British market.

Moreover, the problem of moving forward from the transition period to the final stage arises in respect of products for which world agreements have not yet been concluded or products that will not be subject to world agreements. Although procedure for consultation with the countries concerned has been envisaged, no decision was taken at the ministerial meeting.

The Ministers instructed the Committee of Deputies to study these points and submit proposals for the next ministerial meeting.

#### b) *Association*

Problems relating to the association of certain Commonwealth countries had not yet been discussed in very great detail at the Conference, pending the outcome of current negotiations with the African countries now associated with a view to renewing the Association Convention under Part Four of the Treaty of Rome. However, the meeting agreed to draw up a list of the Commonwealth dependent territories that might be considered suitable candidates for association. These comprise countries having similar social and economic structures to those of the countries already associated. The Six also declared their readiness to examine before the accession of the United Kingdom, applications for association presented by independent members of the Commonwealth in Africa and the West Indies.

The deputies were instructed to examine the problems of association so that the matter could be included in the comprehensive review to be made by the end of July.

The ministerial meeting cleared up a number of points and defined the respective positions of the negotiating parties. But a general review of the chief problems involved in the negotiations could not be attempted until the next meeting, so that the British Government might inform the Commonwealth Conference of the arrangements envisaged for Britain's entry into the Community.

### **Negotiations with Denmark**

The negotiations with Denmark continued at ministerial level in Brussels on 19 June. The most important issues raised during the present negotiations were examined; the chairman of the Committee of Deputies also reported on progress to date.

M. Krag, on behalf of the Danish delegation, explained the problem of the Faroe Islands and Greenland and emphasized the need for a common fisheries policy within the EEC.

Agriculture was also on the agenda of the meeting. The Danish delegation reaffirmed that it accepted the provisions of the Rome Treaty and the agricultural regulations adopted by the Community but hoped to be kept regularly informed by the Commission on the regulations still to be adopted, and that negotiations with Denmark would be to some extent geared to the British negotiations.

On the subject of the agricultural regulations already adopted, M. Krag voiced Danish misgivings concerning their agricultural exports to the Community while the negotiations were going on. He suggested that ways and means be sought of easing any difficulties that might result from the entry into force of these regulations.

For their part, the Six — though they expressed their understanding of the problem — thought it preferable to wait and see what practical effect the regulations had on trade relations with Denmark.

As for economic union, M. Krag declared that his Government accepted the provisions of the Treaty of Rome, though certain problems such as the Nordic labour market and the free movement of capital called for more thorough investigation. It was agreed that the Danish delegation and the Commission should pursue their inquiries on the basis of questionnaires submitted by the Danish delegation.

At Denmark's request, the Committee of Deputies suggested that a progress report might be drawn up by a similar procedure to that adopted in the negotiations with Britain.

### **The Norwegian request for membership**

On 4 July the first ministerial meeting for the purpose of providing the EEC Member States with further information on the problems connected with the Norwegian Government's request for membership took place in Brussels (1).

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(1) See Bulletin 6/62, Chap. III.



M. Emilio Colombo, the Italian Minister of Industry and Commerce presided over the meeting. The Norwegian delegation as led by M. Halvard Lange, the Minister of Foreign Affairs, supported by M. O. Gundersen, Minister of Trade and Shipping, and M. H. Engen, State Secretary in the Ministry of Foreign Affairs.

M. Lange stated the Norwegian Government's grounds for seeking to join the EEC and in due course the ECSC and Euratom and dwelt on certain specific features of Norway's economic and social structure.

Norway is an exceedingly elongated country; as the crow flies, the distance from its northern tip to its southern limit is equivalent to that from Oslo to Naples. Only 4 % of its total area is arable land and 23 % exploitable forests. The rest mainly consists of mountains.

The country has 3.6 million inhabitants; of these, a small proportion is thinly scattered in the north, subsisting mainly on agriculture and fishing, while the majority is concentrated in south-eastern districts where there is a good deal of industrial and commercial activity based on a lively exchange of goods and services with other countries. To cover its imports, Norway exports 40 % of its total production. The merchant navy, the third largest in the world, accounts for much of Norway's foreign exchange earnings. The countries of Western Europe take about 75 % of its exports and supply over 75 % of its imports.

M. Lange said that by and large Norwegian agriculture was in line with the objectives laid down in the Treaty of Rome, though its adaptation to the common agricultural policy was bound to give rise to certain practical problems, mainly because for many commodities production costs were higher owing to climatic and topographical conditions (long winters, very small holdings, the combination of farming with other occupations, and so on...).

Similarly the improvement of farm structures would be a long-term undertaking. M. Lange gave some particulars of the Norwegian fisheries, one of the country's chief industries. Norway is Europe's leading exporter of fish and about half of its exports go to Western Europe. He stated Norway's aims in this respect, which would have to be fitted into the EEC's common fisheries policy, as and when it is drawn up.

M. Lange said that the Norwegian economy's growth prospects mainly lay in fields calling for major capital investment, such as the exploitation of water power. Regional development figured prominently in the country's economic policy. He felt that what they were doing in this field was compatible with the provisions of the Treaty of Rome concerning credit, finance and fiscal policy.

M. Lange concluded with some remarks on customs matters. In 1959 Norway had technically readjusted its tariff to suit the Brussels Nomenclature. He spoke of his country as one of the five Nordic countries "united in an ardent feeling of solidarity", and hoped that the political importance of the Nordic treaty of co-operation would be recognized by the EEC.

The Governments of the Member States and the Norwegian Government agreed that a further meeting would be held in Brussels in the second fortnight of October.

# III. Activities of the Community

## EXTERNAL RELATIONS

### The association of Greece

1. The Greece-EEC Interim Committee held its fourth meeting in Brussels on 4 June 1962. It continued working on the customs measures implementing Articles 7 and 8 of the Agreement.

The Association Agreement was approved by the Chamber of Deputies of the Grand Duchy of Luxembourg on 5 June and on the third reading by the Bundestag of the Federal Republic of Germany on 14 June. Accordingly Italy is the only country that has still to complete the ratification procedure since the Association Agreement has only passed the Senate.

The delegation from the European Parliament which has been on a fact-finding mission to Greece met in Strasbourg on 26 June under the chairmanship of M. Battista.

Its report will be on the agenda of the October session of the European Parliament.

### The association of Turkey

2. The Turkish delegation, led by M. Hasan Esat Isik, the Turkish Ambassador, and the Commission delegation met in Brussels from 18 to 22 June 1962.

They considered in detail the principles on which the projected association agreement between Turkey and the Community might be based, and the form it might take having regard to their particular relationship. The talks took place in a friendly atmosphere and both delegations were able to assemble the material for presenting suitable proposals to their respective authorities so that the necessary decisions can be taken and negotiations resumed as soon as possible.

At its session of 2 and 3 July 1962 the Commission reported to the Council on this fresh phase in the negotiations with Turkey. On 12 July the Commission placed before the Council a general report on the results of this phase and the outlook for further negotiations. The Council is to discuss the report at its session of 23 and 24 July 1962.

### The Community and GATT

#### The Tariff Conference

3. At its session on 2, 3 and 4 July 1962 the Council finalized a series of tariff agreements negotiated at Geneva by the Commission delegation to the Tariff Conference.

These are agreements with Australia, Chile, Haiti, Japan, New Zealand, Peru and Switzerland.

The agreement with Australia concludes the negotiations with that country under Article XXIV(6) of GATT; these negotiations were suspended in 1961 pending the settlement of certain matters concerning wheat in the tariff agreements between EEC and the United States, and EEC and Canada.

The other agreements mark the end of the "Dillon negotiations" under Article XXVIII*bis* of GATT. However, the agreement between the Community and Peru also embodies the results of that country's renegotiations with EEC on the withdrawal of a number of concessions to the Community and their replacement by roughly equivalent arrangements.

Agreements were concluded with Switzerland and Japan. In the negotiations with Switzerland various difficulties arose mainly because the method of across-the-board reductions proposed by the Community was not used. However, it proved possible to get round them and an agreement was concluded which carries with it tariff concessions for a volume of trade which, on the basis of the 1959 figures, represented \$145 million either way.

The agreement with Japan is particularly interesting not so much for the volume of trade it represents, which is comparatively small, but politically. It is pointed out that when Japan acceded to the General Agreement, France and the Benelux countries invoked the provisions of Article XXXV of the Agreement, the effect being to suspend the application of the terms of GATT to trade between these countries and Japan. However, the agreement concluded by the Council lays down that the tariff concessions therein shall apply to the entire Community. Although the agreement leaves unchanged the legal situation arising from these countries' recourse to Article XXXV, it will be an important factor in their future trade relations with the EEC.

## Conclusion of the GATT Tariff Conference

4. The 1960-1961 Tariff Conference was brought to a conclusion on 16 July 1962 with the signing in Geneva by representatives of governments which participated in the negotiations and by a representative of the European Economic Community of the Final Act.

The protocol embodying the concessions granted during the Conference was opened for signature by the Contracting Parties and the Community on 16 July and the actual text will be made public on 13 August. It will be signed on behalf of the Community in time for the concessions to take effect from 1 January 1963.

The Conference was mainly concerned with three topics: the tariff renegotiations with EEC, the "Dillon round" of negotiations and negotiations with countries wishing to accede to GATT.

*The EEC renegotiations* under Article XXIV(6) took up the first part of the Conference. They were necessary because of the changes in the tariff concessions previously granted by the Member States pursuant to the obligation under the Treaty of Rome to align national tariffs on the common tariff. These renegotiations were begun in September 1960 and finished in May 1961 when the Dillon round opened.

*The Dillon round* was aimed at obtaining new mutual concessions. It began on 19 May 1961 and ended on 16 July 1962 when the Final Act was signed. The European Economic Community and 22 other countries were represented. Four of the latter (Cambodia, Israel, Portugal and Spain) were negotiating for accession to GATT.

Although well advanced, some of the Dillon round negotiations and renegotiations under Article XXIV(6) could not be completed in time for the results to be embodied in the General Protocol. This applies in particular to the negotiations between Austria and EEC. The results will be given in an additional protocol.

The "item-by-item" technique was the one generally used during the Conference. However, a new approach was contained in the offer of EEC to reduce the common tariff by 20 % if its partners were prepared to reciprocate. While this technique did not always prove suitable to the circumstances, it made a very important contribution to the success of the Conference.

The total number of tariff concessions negotiated in the Conference was 4 400. While it is difficult to arrive at a precise figure for the value of trade covered by concessions negotiated in the Dillon round, it is estimated to be about \$4 900 million — or roughly twice the volume of trade covered by the concessions granted at the 1956 Tariff Conference. These figures include the results of the negotiations between EEC and the United States and the United Kingdom respectively, published on 7 March and 16 May.

The results of this Conference are of considerable importance and will make a significant contribution to the expansion of world trade. It will only be possible to study them in detail when the protocol is published.

Four new countries: Israel, Portugal, Cambodia and Spain participated in the Tariff Conference with a view to full accession to GATT. Negotiations with the first three were completed and the results are given in separate protocols.

#### Other work of GATT

5. A Community delegation took part in the work of the special group on trade in tropical products. A working party has been set up with instructions to study the problems raised by trade in cocoa, tea, oilseeds, tropical timber and bananas. The effects of the preferences now enjoyed by certain developing countries and what might happen if they were abolished will also be studied.

#### Relations with international organizations

##### Organization for Economic Co-operation and Development

6. The Community was represented when the OECD Trade Committee held its third session on 5 and 6 June 1962. The Committee dealt with problems concerning the remaining quantitative restrictions in sectors other than agriculture and fisheries, administrative and technical obstacles to trade, relations between OECD countries and non-member developing countries, and export credits and credit guarantees.

7. On 21 June 1962 the working party responsible for the annual review by the Development Assistance Committee (DAC) of the joint aid effort embarked on a study of aid from the Community. The EEC representative gave a general statement of the Community's policy in this field, with particular reference to the function of the European Development Fund. He then answered a list of questions compiled by the OECD Secretariat, as well as questions that had come up during the debate.

### The Western European Union (WEU)

8. The Community was represented at the Paris session of WEU from 4 to 7 June 1962 (first part of the eighth ordinary session) which was mainly devoted to studying the following :

- i) The future pattern of Europe;
- ii) The negotiations for the accession of the United Kingdom to the EEC;
- iii) The future organization of Western defence.

The Assembly adopted various recommendations. The first, on the future pattern of Europe recommends that the political union of the European peoples should enable the powers of EEC to be extended to the spheres of foreign policy and defence and monetary matters; that it should take the form of an institution of the community type with an executive independent of the Member States and responsible to an elected Assembly and a Council voting in some cases by qualified majority; that in no case should the political union which is envisaged endanger the community character of the institutions set up by the Treaties of Paris and Rome; that the supranational and democratic character of the existing communities be reinforced by giving the European Parliament a voice in the appointment of the members of the executives of the communities and appropriate supervision over the Council of Ministers.

In the recommendation on the negotiations for the accession of the United Kingdom to EEC, the WEU Assembly "considered that Commonwealth preference in Britain's trade constituted a difficulty for the present members of EEC but the links that would later be forged between the Community and the Commonwealth would be one of the United Kingdom's most positive contributions to the future pattern of Europe and recommended that a Community solution to this difficulty be sought based on the observance of the common agricultural policy as defined in Brussels on 14 January 1962 on exceptional measures during a transition period in favour of food imports, especially from the temperate zone; and, following that period, on negotiation by the Community of commodity agreements with due regard for world agreements on the particular commodities".

Another recommendation on the progress of the United Kingdom-EEC negotiations calls on the member governments of WEU "to consider, if there is a break in the current negotiations, adopting a procedure analogous to that which led to the conclusion of the Treaty of Rome, namely that one of the Ministers for Foreign Affairs or a European personality of first rank appointed for this purpose by the seven Foreign Ministers, be charged with the preparation of a draft protocol making provision for the adherence of Great Britain to the EEC...

and with the presentation of this draft to the Brussels Conference within the shortest possible time-limit agreed in advance by the seven governments ”.

Finally, the WEU Assembly adopted a recommendation on the future organization of Western defence on the executive and parliamentary levels.

### The Commission's report on a Community programme vis-à-vis Latin America

9. On 27 June 1962 the Commission transmitted to the Council a paper outlining a Community programme vis-à-vis Latin America which it had prepared at the Council's request following its report on the Punta del Este Conference. This paper weighs up the present mood of relations and economic ties between Europe and Latin America, with a study of the fields in which Community action might be useful.

This matter has claimed the attention of the Community almost since its inception; as early as March 1958 the Community addressed a memorandum to the twenty Latin-American republics explaining its future policy. In view of the long-term prospects opened up by the Alliance for Progress and the beginnings of a Latin-American Common Market the Community has felt the need for a common attitude towards Latin America, so that that continent, in its striving for unity and progress, may benefit by the aid and experience of a Europe which has had to grapple with similar problems.

In its paper the Commission first stresses the need for a more direct and systematic exchange of views on the development of the two continents. A contact group should be set up to provide opportunities for frank discussions on current topics and there must be interchange of experience in economic integration and frequent study-visits to the regional authorities in each continent by trainees or officials from either side.

In the Commission's view, such aids to information and the formation of opinion — similar to those placed at the disposal of the Community institutions by Member States — are needed so that Community decisions may be planned in full knowledge of the facts.

The Commission document places these decisions under the usual headings of commercial policy, financial policy and technical co-operation. It does not purport to be a ready-made plan of action but rather suggested courses of action, illustrated by examples drawn from experience and observation of Latin-American affairs, to be examined carefully with a view to their adoption if the European authorities so agree. As far as commercial policy is concerned, a start has already been made. As for financial policy and technical co-operation, what is needed is in some cases a co-ordination of efforts already made by Member States on their own account, in others completely new schemes; and as much emphasis is laid on the value of European methods as on the supply of material assistance.

After August, therefore, the Council of Ministers will hold a general discussion, with this document as a working basis, to define a Community attitude towards Latin America. This will meet a long-standing concern of the Community and will be a counterpart to various recent initiatives — by the Organization of American States in particular — drawing attention to the importance of this problem, both now and for the future.

## The Caribbean Commission

10. M. Clovis Beaugard, Secretary-General of the Caribbean Commission, visited the EEC on 21 June where he was received by M. Rey, member of the Commission and President of the External Relations Group. This courtesy visit was the occasion of a discussion on the activities of the two organizations. Exchanges of documentary material and information will be organized at a later date.

### Missions of non-member countries to the Community

11. His Excellency Ambassador José Calvet de Magalhaes, Head of the Portuguese Mission to the EEC, presented his letters of credence to President Hallstein on 1 June 1962.

The Community has given its agreement to the appointment of His Excellency Ambassador Régulo Burelli-Rivas as Head of the Venezuelan Mission to the Community.

The Community has approved the requests of the Governments of the Lebanon and Pakistan to establish diplomatic relations with the Community.

### Visits to the Commission

12. Professor Walter Hallstein, President of the Commission, and M. J. Rey, member of the Commission, received Mr Abul Kassem Khan, Minister for Industry of Pakistan, on 4 and 5 June, Mr J. M. Caldicott, Minister of Economic Affairs, Defence and Public Service in the Federation of Rhodesia and Nyasaland, on 28 June, and Dr Gislason, the Icelandic Minister of Commerce, on 4 July.

Commercial relations between EEC and these countries were discussed on each occasion.

## ECONOMIC AND FINANCIAL AFFAIRS

### Economic policy

Quarterly survey of the economic situation of the Community

13. The EEC Commission has just published its quarterly survey "The Economic Situation in the Community". This brings out the salient features in the present economic situation of the Community and the member countries, reviews the outlook for the second half of the year and considers the problems of economic policy involved.

The Commission finds that the economic growth of the Community appears to have quickened somewhat in the first quarter, although expansion cannot be termed particularly vigorous.

Exports to non-member countries went ahead only rather hesitantly at times — owing principally to slower economic expansion in most industrial countries — but internal demand continued to grow quite appreciably. Private consumption, for instance, showed a distinct increase in the early months of the year; this was chiefly a result of the steady rise in wage incomes, which in turn was largely due to higher wage rates. At the same time — despite the fears expressed at the turn of the year — there was no accentuation of the trend noted in the second half of 1961 for total outlay on fixed investment to slow down, if the fact that the building sector was adversely affected in February and March by the exceptionally bad weather is left out of account. Moreover, the processing industries are again tending to invest in stocks, at least of semi-finished goods.

In the first quarter of 1962 the growth of industrial production in the Community was slightly below that of the fourth quarter of 1961. The March figures in particular were only middling as a result of certain special factors of a climatic and statistical nature. As a consequence the year-to-year growth rate of production fell from 6.5 % in the fourth quarter of 1961 to 5.5 % in the first quarter of 1962. In April, however, there were again signs of an appreciable improvement.

The trend of output was governed by and large by demand — if the influence of the exceptional weather is left out of account. In a number of industries, however, expansion continued to be restricted by manpower shortages. With unemployment still tending to decline in most member countries, numbers in employment have again risen slightly. However, as the working week was further reduced, particularly in Western Germany, the rise in the total number of hours worked did not keep step with that of numbers in employment.

In the first quarter, total imports again rose faster than exports, causing a further deterioration in the Community's balance of trade. Once import figures have been adjusted to eliminate the effects produced by certain factors of a purely statistical nature, the deficit on the trade balance comes to \$275 million, as against \$133 million in the first quarter of 1961. Since March, however, there have been signs of a slightly improved trend.

Despite the trade deficit and further official exports of capital, especially in the form of advance debt repayments, the balance of payments continued to show a heavy surplus. The gold and foreign exchange reserves held by the monetary authorities in the member countries fell by \$300 million in the first quarter but this was offset by a considerable improvement in the net foreign holdings of the commercial banks.

The price rises which have been going on for some time did not slacken in the early months of the year. On the contrary higher prices for some foods, due largely to indifferent harvests and the effects of the long cold winter, even caused the rise in the level of consumer prices to be somewhat steeper.

The Commission thinks that the outlook for the second half of the year suggests by and large that expansion will continue. Community exports to non-member



countries might even grow somewhat faster and internal demand may well keep on increasing. The rise in fixed investment will tend in general to continue but in some member countries the rate of rise will probably remain slight. Private consumption will still expand vigorously, even though in some countries a certain slackening can be expected in the pace at which wages are rising.

All in all there is no reason to make any fundamental change in the forecasts given at the beginning of the year; it may still be reckoned that in 1962 industrial production will show an annual growth rate of 5.5—6 % and the gross product of the Community 4.5—5 %.

If, however, this is to occur — and especially if the trend is to continue upward in 1963 — investment activity must continue to grow. The first aim of economic policy makers must therefore be to ensure that no further inhibiting factors gain a hold in this field. Not only can measures to combat rising costs be used to this end, but generally speaking, workers can be encouraged to save, and other measures taken to increase the chances of financing investments through borrowing on capital markets and to improve the terms on which money can be raised.

### The Economic Policy Committee

14. The Economic Policy Committee held its 10th meeting on 14 and 15 June 1962. In accordance with its rules of procedure it elected new officers. The following were re-elected: Professor Müller-Armack, Under-Secretary of State at the Ministry of Economics of the Federal Republic of Germany, Chairman; M. M. Pérouse, Director of the Treasury at the French Ministry of Finance, and Professor J. Mertens de Wilmars, Deputy-Director of the National Bank of Belgium, Vice-Chairmen. In addition, Professor S. Guidotti, Economic Adviser to the Bank of Italy, was elected Vice-Chairman in succession to M. G. Carli, who has left the Committee.

The Committee examined the economic situation on the Community labour market in 1962. In a report for the Commission, it expressed the opinion that economic policy considerations made it advisable to strengthen the internal measures taken in the various Member States to improve the balance of the labour market, and adopt with a view to joint action the recommendations contained in a working document by the Commission.

In addition, the Committee examined the special problems arising from current and future business trends.

#### *Panel of economic experts*

15. On 7 June 1962 the panel of economic experts held its quarterly meeting, which was given over to a review of the economic situation in the Community and the further outlook. This work was based on a draft report by the Commission's staff (1).

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(1) See above, sec. 13.

## **Group for the co-ordination of policy on credit insurance, guarantees and financial credits**

16. The Group held its 9th meeting on 13 June 1962. It noted the Council's approval of the consultation procedure <sup>(1)</sup> at its session of 14 and 15 May 1962. The Group took stock of the progress made in the harmonization of credit insurance systems and examined in particular a scheme for a uniform system of calculating premiums devised by the credit insurers' committee.

Lastly, it discussed the question of financial credits, i.e. medium- and long-term loans, with or without strings, by Governments or private financial institutions to foreign borrowers (public or private), who use them to finance purchases of goods or investment.

### **Regional policy**

17. The senior officials responsible for the Member States' regional policy met in Brussels on 18 June 1962 under the chairmanship of M. R. Marjolin, a Vice-President of the Commission.

The main point dealt with was action further to the Conference on regional economies held in Brussels last December <sup>(2)</sup>. It was decided that certain regional problems raised at the Conference would be further investigated by restricted groups comprising rapporteurs or leading figures who had taken part in the Conference. These would compare inter alia the methods followed in the Member States to foster regional growth in development and facilitate the rehabilitation of older industrialized areas now on the decline.

### **Energy problems**

18. The text of M. Marjolin's address on this subject, given in Cologne on 14 June 1962, will be found in Chapter I above.

## **INTERNAL MARKET**

### **Right of establishment and freedom to supply services**

19. The Commission submitted to the Council three draft directives on right of establishment and freedom to supply services.

#### *a) Directive on the widening of film import quotas*

The General Programme for the removal of restrictions on freedom to supply services, adopted on 18 December 1961 by the Council in accordance with

<sup>(1)</sup> See Bulletin No. 7/62, Chap. V, sec. 14.

<sup>(2)</sup> See Bulletin No. 2/62, Chap. II.

Article 63 (1) of the Treaty, includes in Title V (C, c) the following clause :  
“ By the end of the first stage... bilateral quotas in existence between Member States at the time of the Treaty's coming into force shall be raised by one-third in those States where there is a regulation in force restricting the importation of exposed and developed film ”.

Actually, this objective had already been left behind : the bilateral agreements concluded between those Member States which produce feature films — France, Italy and the Federal Republic of Germany — have opened quotas more than a third higher than those obtaining when the Treaty came into force.

The Commission's proposed directive is, however, of twofold importance :

i) It consolidates the measures for expanding the existing volume of trade between those Member States which apply restrictive controls, and prohibits the introduction of quotas by the other Member States;

ii) It lays down a number of rules on the definition and nationality of films with a view to broadening the basis on which they can be admitted under quotas.

Pursuant to Article 63 (2) of the Treaty, the Council is to take a decision by a qualified majority vote on this draft directive after consulting the Economic and Social Committee and the European Parliament.

*b), c) Directives concerning (b) the removal of restrictions on movement and residence of nationals of Member States and (c) the co-ordination of special measures relating to movement and residence of foreigners, where such measures are warranted by reasons of public order, safety or health*

The first proposal concerns the removal of restrictions on movement and residence within the Community for nationals of Member States in respect of establishment and the supply of services.

These provisions benefit :

i) Nationals of Member States wishing to establish themselves or supply services in another Member State with the purpose of engaging in a non-wage-earning activity;

ii) Nationals of Member States who are trained workers, or staff holding positions of responsibility, and who accompany the supplier or perform the service on his account, provided they do not stay for more than three months (where residence exceeds three months, the position of such persons is dealt with under the measures taken in application of Articles 48 and 49 of the Treaty concerning workers);

iii) The persons to whom the services are supplied;

iv) The dependents of such nationals.

The removal of restrictions means for such persons, first, that they are entitled to enter simply on production of a valid identity card or passport, a facility hitherto as a rule granted only to tourists.

Second, this measure for the removal of restrictions implies the right to residence :

1) For persons establishing themselves, the right to permanent residence being confirmed by a document valid for at least ten years and automatically renewable;

2) For persons supplying services, their staff, and beneficiaries of services, throughout the period in which services are supplied or staff employed, it being understood that where such period does not exceed three months, the identity paper under which the person concerned entered the territory shall also cover his residence therein.

When a residence permit is issued, formalities are cut to a minimum, since the applicant is merely required to present the document under cover of which he entered the territory and furnish evidence that he is capable of engaging in an activity within the meaning of the Treaty.

The Member States will therefore be required to bring into force by 1 January 1964 fresh legislative and administrative provisions on entry and residence, in order to abolish all restrictions on nationals of other Member States establishing themselves or supplying services. These new provisions will remain valid after the expiry of the transition period. However, during this period, Member States' nationals may only claim the benefit thereof to the extent that the activity they intend to engage in has itself been liberalized.

None the less, Member States may refuse entry or residence for reasons of public order, safety or health. Within these limits, restrictions may be retained. But, pursuant to Article 56 (2) of the Treaty, the second proposed directive provides for the co-ordination of special measures regarding residence and movement of foreigners on grounds of public order, safety and health.

The co-ordination measures will apply, first, to the categories of persons defined in the preceding directive. To these should be added also workers since, in the Commission's view, the regulations on entry and residence subject to co-ordination under Article 56 also cover wage-earners.

In each Member State this co-ordination concerns both the content of the notions of public order, safety and health and the procedures followed in adducing such grounds to bar the entry and residence of other Member States' nationals.

On the first point, it has not yet been possible to reach a definition, for an enactment at Community level, of the notions of public order and of public safety. Moreover, co-ordination does not mean uniform law. The proposed directive does not therefore attempt to do more than determine the limits of these concepts.

This defect is inherent in the nature of things: even within individual Member States it is no simple matter to set down in black and white concepts which have to be adapted to suit the variety and changeability of life in all its manifestations. Only case law is capable of ensuring that this is done.

The notion of public health raised a less intractable problem: there was no reason for establishing a list of diseases differing from that drawn up pursuant to Article 47 of Regulation No. 15 concerning the entry of workers. The list used in the second proposed directive is in fact that contained in the directive implementing this Article.

As for the procedures followed in each State for adducing grounds of public order, safety or health to bar an applicant's entry, the guiding principle has been

to narrow down excessively wide discrepancies that would result in glaring inequalities. For instance, the applicant must not be kept waiting indefinitely for an answer when he makes his first application for a residence permit: accordingly, the decision must be taken within three months. Or again, from the psychological or even purely legal standpoint, the applicant must know that certain safeguards have been provided and that he can at least submit observations. For example, the directive states that an applicant shall be informed of the grounds for withholding a residence permit, and makes provision for a consultation procedure, with a full hearing for both sides prior to any decision, in States where no appeal is admissible on the merits of the case.

Before pronouncing on these two draft directives, the Council must consult the Parliament.

These new measures constitute an important step towards the establishment of free movement within the Community, and it is to be hoped that Member States will have time to write the directives' provisions into their municipal legislation by 31 December 1963.

## **Customs problems**

*Authorization by the Commission of the suspension of a customs duty under Article 25 (3) of the Treaty*

20. The Commission has decided to authorize a partial suspension by the Kingdom of the Netherlands for the period 15 to 30 June 1962 of the customs duty on new potatoes under heading 07.01 A II b of the common customs tariff, at a rate of 10 %.

## **COMPETITION**

### **Rules applicable to enterprises**

Twelfth session on cartel problems

21. Government experts on cartel problems from the Member States met in Brussels on 5 and 6 July 1962 under the chairmanship of M. Verloren van Themaat, Director General for Competition.

The chairman spoke first on the order of priority to be established in implementing Council Regulation No. 17 (1) (first Implementing Regulation pursuant to Articles 85 and 86 of the Treaty) in the light of the foreseeable workload and of the cuts made by the Council of Ministers in the additional posts requested under the supplementary budget. In particular these cuts will frequently entail considerable delays in examining applications for the issue of a negative clearance and in preparing new regulations. Priority must be given to examining suspected infringements of the Treaty and notifications for the purpose of obtaining a

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(1) Published on 21 February 1962 in No. 13 of the official gazette of the European Communities; see also Bulletin No. 2/62, pp. 60-65.

declaration from the Commission that the provisions of Article 85 (1) are inapplicable to the case in question by virtue of Article 85 (3) of the Treaty. The experts then discussed what working methods to adopt.

On the basis of a working document submitted by the Commission the experts dealt with the question of how the Commission should initiate the procedure referred to in Article 9 (3) pursuant to Articles 2, 3 or 6 of the Regulation. They agreed that the Commission should send written notification to those concerned and to the Member States, indicating in each individual case the time-limit by which the procedure would be set in motion. The experts also discussed collaboration between the Commission and the national authorities in investigations pursuant to Articles 13 and 14 of the Regulation and a draft regulation on hearings (Article 19). Finally they gave an opinion on a preliminary draft for a "Practical hints on the implementation of Articles 85 and 86 of the Treaty of Rome and the implementing regulations".

#### *Extension of the time-limit in Articles 5 (1) and 7 (1) of Regulation No. 17 (understandings)*

22. To make it easier to apply the transitional arrangement under Articles 6 (2) and 7 (1) of Regulation No. 17 to certain agreements, decisions and concerted practices already in existence on 13 March 1962, it was deemed advisable to extend the time-limit for notification. Consequently at its session on 3 July 1962 the EEC Council of Ministers approved a Regulation <sup>(1)</sup> amending Regulation No. 17 and putting back the time-limits for notifying agreements between more than two parties to 1 November 1962, and for bilateral agreements to 1 February 1963.

### **Approximation of legislation**

#### **Bankruptcy law**

23. From 25 to 29 June 1962 the committee of experts on bankruptcy law continued its deliberations on the first draft of a uniform bankruptcy Convention. The committee dealt mainly with the scope of the Convention, with problems of international jurisdiction in bankruptcy cases and the steps to be taken in line with the principle that bankruptcy should be of uniform effect, to prevent several bankruptcy proceedings from being started at once. The governments experts will continue their work later this year.

#### **Patents Working Party**

24. The Patents Working Party set up on 19 November 1959 by the Secretaries of State responsible for industrial property rights in the governments of the Member States held its sixth meeting in Munich from 13 to 23 June 1962. The Working Party finished drafting a preliminary convention on a European system of patent law and adopted this draft after a second reading. The text consists of twelve parts and 217 articles. Together with a report from the

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(1) See the official gazette of the European Communities, No. 58, 10 July 1962.

Working Party, it will be sent to the co-ordinating Committee on approximation of legislation on industrial property rights in the countries of the EEC, which will discuss it at a future meeting. The Working Party proposed that the draft be published as soon as possible.

**Recognition of companies, maintenance of their legal personality in cases where the registered office is transferred from one country to another and the possibility for companies subject to the municipal law of different Member States to form mergers (third paragraph of Article 220 of the Treaty of Rome)**

25. On the invitation of the Commission a first exchange of views on the application of the third paragraph of Article 220 of the Treaty of Rome took place on 27 June 1962, between government experts. In accordance with this Article the Member States shall, in so far as necessary, engage in negotiations with each other with a view to ensuring the mutual recognition of companies, the maintenance of their legal personality in cases where the registered office is transferred from one country to another and the possibility for companies subject to the municipal law of different Member States to form mergers.

In preparation of this meeting the Commission had made a comparative study of the present legal situation in the six EEC countries. The government experts acknowledged the importance of the issues involved in the third paragraph of Article 220 and decided to examine them in greater detail at one of their next meetings.

**Fiscal problems**

**Indirect taxation on insurance contracts**

26. Government experts and Commission representatives met on 25 June 1962 to discuss for the first time indirect taxation on insurance contracts.

The object of this meeting was to inquire how to eliminate existing restrictions on the freedom to supply insurance services owing to the different tax systems to which the sector is subject.

For once the freedom to supply services has been established competition between insurance concerns of the individual Member States is liable to be distorted, and the situation aggravated by the differences in tax treatment accorded to the same class of business in the six Member States. Double taxation in any one class can also amount to a restriction on the supply of services.

The meeting examined the following points :

- i) Abolition of double or multiple taxation,
- ii) Harmonization of tax burdens, i.e. tax assessment, rates of tax and tax reliefs.

The experts agreed to meet once more before the end of the year to study in greater detail the various possible ways of eliminating the drawbacks arising from differences in existing statutory requirements.

## State aids

27. After the meeting of government experts on 22 and 23 March 1962 <sup>(1)</sup> to examine general systems of aid to economic development, the Commission contacted the national authorities. The purpose of these contacts was to define more closely the nature and significance of the information requested for investigating these aid arrangements and so ensure that the data were fully comparable and therefore easier to evaluate.

28. The Italian Government has notified the Commission, in accordance with Article 93 (3) of the Treaty, of a bill prepared by the Sicilian provincial government introducing regulations on the operations of the Ente siciliano di Elettricità, and of a bill by the Sardinian provincial government granting emergency aid to the Ente sardo di Elettricità.

The Belgian Government has notified the Commission, in accordance with Article 93 (3) of the Treaty, of a bill for re-organizing the Office national du Ducroire and thus enlarging the facilities it provides for long-term financing of exports.

The French Government has notified the Commission of a draft regulation determining the 1962 bounty for the paper-pulp industry.

This draft will be discussed at a multilateral meeting which will also consider the new French aids to the pulp and paper sector.

29. The Commission has made a proposal to the French Government to abolish the discriminatory preferential tariffs for newspapers and periodicals printed and published in France.

30. The Commission has decided what stand to take on the measures by the Sicilian authorities to aid the domestic shipbuilding industry; the introduction of these measures contravened the obligation to inform the Commission in advance <sup>(2)</sup>.

The Commission came to the conclusion that the Sicilian enactment was incompatible with the Common Market because the industry also benefited from aid granted by the Italian State. However, the Commission has decided not to make a formal request for its repeal because it will have no further practical effect after 30 June 1962.

31. The Commission has notified the Member States of the measures taken by the Italian Government for gradually bringing Law 103 (flat-rate refund of customs duties and indirect taxes on certain exports of the mechanical engineering industry) into line with the requirements of the Common Market. The drawback is reduced by 35 % from 1 January 1962 <sup>(3)</sup>.

In pursuance of Article 10 of the Treaty of Rome the Italian authorities have introduced a further 10 % cut in such refunds from 1 July 1962. The Commission is investigating whether the system as amended is compatible with the Treaty.

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(1) See Bulletin No. 6/62, Chap. IV, sec. 24.

(2) See Bulletin No. 4/62, Chap. III, sec. 18.

(3) See Bulletin No. 4/62, Chap. III, sec. 17.



## **SOCIAL AFFAIRS**

### **Implementation of Article 119 (equal pay for men and women)**

32. The special Working Party to inquire into the application of Article 119 in the EEC Member States <sup>(1)</sup> was convened by the Commission on 20 June 1962.

After an exchange of views on the problems involved in the statistical inquiries to be made in this field by the Statistical Office of the European Communities, the special Working Party drew up a questionnaire designed to co-ordinate the information that the Member Governments will from time to time send to the Commission in accordance with the time-table given in the resolution adopted by the Conference of the Member States on 30 December 1961 <sup>(2)</sup>. Since the first prescribed date was 30 June 1962, the special Working Party decided that answers to the questionnaire should reach the Commission before 30 September 1962 so that it can be ascertained how far each of the Member States has complied with its obligations under this resolution.

At its June session the European Parliament adopted a resolution on equal pay for men and women.

### **Social security**

#### **Administrative Committee for the social security of migrant workers**

33. The Commission has submitted to the Council a draft regulation amending the present composition of the Administrative Committee set up in pursuance of Council Regulation No. 3 on the social security of migrant workers <sup>(3)</sup>.

Under the draft regulation, workers' and employers' representatives from industry and agriculture would take part in an advisory capacity. However, this participation would be limited to one representative for each of the bodies set up by workers and employers at Community level (i.e. a total of two workers' and two employers' representatives).

### **Common vocational training policy**

34. The Commission has prepared and transmitted to the Council a working document in which it gives a revised text of the proposal on the general principles for implementing a common vocational training policy <sup>(4)</sup>. Full account is taken of the opinions issued by the Parliament <sup>(5)</sup> and the Council <sup>(6)</sup>.

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<sup>(1)</sup> See Bulletin No. 6/61, Chap. II, sec. 35.

<sup>(2)</sup> See Bulletin No. 1/62, Chap. I.

<sup>(3)</sup> Published in 1958 in No. 30 of the official gazette of the European Communities.

<sup>(4)</sup> See Bulletin No. 12/61, Editorial.

<sup>(5)</sup> See Bulletin No. 5/62, Chap. V, A.

<sup>(6)</sup> See Bulletin No. 4/62, Chap. IV, D.

## **Free movement of workers**

35. At its June session the European Parliament, having been consulted by the Council (1), adopted two opinions on a draft regulation and directives on the first measures for implementing the free movement of frontier and seasonal workers within the Community. These opinions are reported in the chapter on the European Parliament in this Bulletin.

## **Labour problems**

### **Industrial protection of young people**

36. The working party on the industrial protection of young people comprising government experts and workers' and employers' representatives, was convened by the Commission in Brussels on 14 June 1962.

On the basis of a synoptic table of the relevant regulations in member countries, the working party studied the legal situation in each. It was decided to set up two sub-groups, one to study sundry particular points and the other to extend the enquiry to agriculture.

### **Address by M. Levi Sandri on the common social policy**

37. Professor Lionello Levi Sandri, the member of the EEC Commission responsible for social affairs, delivered an important address on the broad lines of the Common Market's social policy at the International Labour Conference organized in Geneva by the International Labour Office (ILO).

M. Levi Sandri drew attention to the fact that the European Conference on Social Security to be held in Brussels in December, will be mainly devoted to the effects of the ageing of the population on social security, a problem already discussed by the International Labour Conference.

The fact that in the EEC countries the youngest and the oldest age groups were proportionately expanding more rapidly than the working population as a whole raised the question of how to reconcile the two conflicting demands of making the maximum use of the available labour force whilst at the same time promoting the trend towards shorter working hours which was typical of social progress in our age.

Reviewing the achievements of the Community countries in the social field, M. Levi Sandri claimed that, at the end of the first stage, the Community policy had proved itself capable of overcoming labour problems.

The EEC Commission did not intend to confine itself to noting that the economic boom was bringing about a rise in the standard of living. It was also doing its utmost to utilize the means at its disposal under the Treaty of Rome to assist the Member States to achieve more swiftly the objectives of harmonious progress which the Treaty assigned to them.

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(1) See Bulletin No. 4/62, Chap. III, sec. 26.

Mainly with the aid of three instruments — freedom of movement, vocational training and assistance from the Social Fund — the EEC Commission was pursuing its twofold aim of combating unemployment and the wasteful use of manpower and at the same time of supplying the expanding economy with the more highly skilled labour it needed.

As regards freedom of movement, Professor Levi Sandri stated that the Commission had no wish to encourage migration or to favour the concentration of manpower in industrial areas. On the contrary, what it wanted was to facilitate wherever possible the flow of capital and investment to areas where unemployment was still rife. But the free movement of labour in itself would tend to level wages upwards whilst giving under-employed labour a chance to get into the circuit of a modern economy. Furthermore, freedom of movement constituted one aspect of a common European nationality which should become a reality before long.

## **AGRICULTURE**

### **The common agricultural policy**

38. A list is given below of a large number of regulations and decisions adopted in June and July.

The preparation of these enactments placed a heavy strain on the Commission and the Special Committee for Agriculture in May and June. The Council consulted the European Parliament on a great many of them (1).

Taken together, these regulations, which are for the most part measures implementing or supplementing those adopted on 14 January 1962, will enable the common market organizations to get under way.

List of enactments relating to the common organization of the agricultural markets (Regulations Nos. 27 to 61) and decisions by the Council and by the Commission

39. A list of the regulations and decisions adopted by the Council or by the Commission as of 24 July 1962 is given below. The date on the left is that on which the particular measure was adopted, by the Commission when this is the only body adopting it, otherwise by the Council (in which case the reference is to the official gazette of the European Communities). For draft Council regulations or decisions not yet approved by the Council, or approved but not yet published in the official gazette, the date given is that on which the text was adopted by the Commission before submission to the Council.

For convenience, grouping is by subject regardless of chronological order. For example, the general regulations are put first, whatever their importance, followed by the various regulations and decisions adopted pursuant to Regulations Nos. 19, 20, 21, 22 and 23, themselves adopted on 14 January.

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(1) See "Institutions and organs" — The Parliament and The Council.

Brief explanatory notes, or a mere statement of the regulations' purpose, will give the reader a fair idea of the nature of this group. A general analysis of the measures will be given in our next number, which will also list the regulations by the Commission or draft Council regulations still to be adopted up to the end of July.

#### A. *General regulations*

- 7-2-62 Proposed Council decision concerning the co-ordination of agricultural structure policies.

[The main purpose of this decision is to eliminate structural defects in agriculture by adapting farms to natural conditions and to economic and social progress.]

- 10-5-62 Council decision concerning the fixing of the upper and lower limits of target prices.

[The products affected are wheat, barley and rye; for maize a lower limit only is fixed. Basic target prices are fixed annually by the Member States at the wholesale purchasing stage. They are applicable in the marketing centre of the area having the largest deficit, for a specified standard of quality, taking into account the price to be aimed at for the producer.] Ref. official gazette No. 41 of 28 May 1962, p. 1280.

- 21-5-62 Council regulation concerning the value of the unit of account and the exchange rate to be adopted in applying the common agricultural policy. Ref. COM(62)90.

[The rate of exchange to be applied is that corresponding to the parity value of the currency as notified to the International Monetary Fund. Where no notification has been made, the rate of exchange to be adopted will be the current exchange rate. The unit of account in question is that defined in Article 18 of the EEC/EAEC financial regulation. The value of the unit of account is defined as 0.88867088 gr. fine gold.]

- 21-5-62 Draft Commission directive to the Member States concerning certain transitional arrangements to be applied to imports in the cereals sector.

[Imports prior to 1 July 1962 of products covered by Article 1 of Regulation No. 19 may not thereafter alter the application on the market of Member States either of the price system or of the levy system provided for in this Regulation.]

- 22-5-62 Proposed Council regulation laying down the procedure for implementing Articles 14, 19(2d) and 20(2) of Regulation No. 19 on the gradual establishment of a common organization of the market in cereals.

[This regulation deals with the rules for determining the levies for each product or group of products covered by Article 1, sub-paragraph d), of Regulation No. 19. Because of its very wide scope, it is classified here under the heading "General regulations".]

- 17-7-62 Commission decision addressed to the Member States establishing methods of special administrative co-operation for the application of intra-Community levies introduced under the common agricultural policy [application of Article 10(2) first paragraph, and Article 38(2) of the Treaty].
- 15-6-62 Council regulation adding glucose and glucose syrup to the Annex to Regulation No. 19.
- 29-6-62 Council Regulation No. 49 amending the date of entry into force of certain enactments concerning the common agricultural policy. Ref. official gazette 1962, No. 53, p. 1571.  
[This decision refers to Council Regulations Nos. 19 to 23, 25 and 26, and to the provisions relating to minimum prices.]
- 30-6-62 Council Regulation No. 57 derogating from Council Regulation No. 20. Ref. official gazette 1962, No. 54, p. 1592.  
[This applies to Article 23 of Regulation No. 20 and concerns the date of the entry into force of the levy system establishing it.]
- 2-5-62 Draft Council regulation on the institution of a levy system and the gradual establishment of a common organization of the markets in milk and dairy products <sup>(1)</sup>.
- 2-5-62 Draft Council regulation on the gradual establishment of a common organization of the market in beef <sup>(1)</sup>.
- 2-5-62 Draft Council regulation on the gradual establishment of a common organization of the rice market <sup>(1)</sup>.

## B. Implementing regulations

### *Application of Regulation No. 19 on the gradual establishment of a common organization of the market in cereals*

- 11-4-62 Council Regulation No. 48 concerning criteria for fixing the flat rates for certain types of cereals, flours, cereal groats and cereal meal. [Application of Article 9(1) of the Cereals Regulation.] Ref. official gazette 1962, No. 53, p. 1570.
- 11-4-62 Council Regulation No. 54 concerning criteria for fixing the scale of premiums payable on cereals imported from non-member countries. [Implementation of Article 17(2) of the Cereals Regulation.] Ref. official gazette 1962, No. 54, p. 1581.
- 11-4-62 Draft Council regulation establishing criteria for the calculation of threshold prices of flours, cereal groats and cereal meal. [Application of Article 8(2) of the Cereals Regulation.]
- 1-6-62 Commission Regulation No. 29 concerning certain transitional arrangements applicable to exports of wheat flours. Ref. official gazette 1962, No. 44, p. 1364.

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<sup>(1)</sup> See below.

- 1-6-62 Commission Regulation No. 30 specifying the characteristics of wheats which may be described as "durum wheat". Ref. official gazette 1962, No. 44, p. 1365.
- 18-6-62 Council Regulation appointing 1 October as the opening of the marketing season for maize.
- 7-6-62 Council decision establishing a waiver for Italy with respect to the lower limit of the target price for barley.
- 20-6-62 Council Regulation No. 37 concerning the criteria for fixing threshold prices for certain categories of flour, cereal groats and cereal meal. Ref. official gazette 1962, No. 52, p. 1553.
- 25-6-62 Commission Regulation No. 61 fixing quality standards for cereals and correcting factors as between these standards and the quality standards to which national target prices relate. Ref. official gazette 1962, No. 59, p. 1671.
- 9-7-62 Commission Regulation concerning certain transitional arrangements applicable to exports to non-member countries of cereals, of durum wheat, groats and meal and of products covered by Article 1, subparagraph d), of Regulation No. 19.
- 11-7-62 Commission decision authorizing the Kingdom of Belgium to maintain until 1 October 1962 the compulsory admixture of home-grown wheat from the 1961/62 harvest.
- 11-7-62 Commission Regulation fixing the criteria for altering levies on cereals, flours, cereal groats and cereal meal.
- 11-7-62 Commission Regulation fixing transitional arrangements for certain imports of durum wheat.
- 11-7-62 Commission Regulation altering the dates of certain transitional measures in the cereals sector (amendments to Commission Regulation No. 29 and to the directive of 21 May 1962).
- 17-7-62 Commission Regulation fixing flat-rates for cereals and flours, cereal groats and cereal meal.
- 17-7-62 Commission Regulation fixing correcting factors as between the qualities of cereals available on the world market and the quality standards by which the threshold price is established.
- 19-7-62 Commission Regulation fixing the criteria for determining the cif prices for cereals, flours, cereal groats and cereal meal.
- 19-7-62 Council Regulation concerning the levy system applicable to glucose and glucose syrup.
- 19-7-62 Council decision authorizing the Italian Republic to maintain certain arrangements concerning the system for importing wheat and wheat flour.
- 19-7-62 Draft Council regulation concerning levies applicable to imports of mixed cereals.

*Application of Regulation No. 20 on the progressive establishment of a common organization of the market in pigmeat*

- 11-4-62 Draft Council regulation fixing the amount of the intra-Community levies applicable to pig carcasses (application of Article 3 of the Pigmeat Regulation).
- 11-4-62 Draft Council regulation fixing the uniform Community sluice-gate price applicable to pig carcasses (application of Article 7 of the Regulation on pigmeat).
- 19-6-62 Draft Council regulation fixing the amount of the intra-Community levies on live pigs and sows for slaughter.
- 19-6-62 Draft Council regulation fixing the amount of the levies on live pigs and sows for slaughter in trade with non-member countries.
- 19-6-62 Draft Council regulation fixing the amount of the intra-Community levies for slaughtered sows.
- 19-6-62 Draft Council regulation fixing the amount of the levies on slaughtered sows in trade with non-member countries.
- 22-6-62 Draft Council directive concerning certain health problems in the matter of intra-Community trade in fresh meat. Including Annexes I and II.
- 29-6-62 Council Regulation No. 47 fixing the sluice-gate price for pig carcasses in trade with non-member countries. Ref. official gazette 1962, No. 53, p. 1568.
- 29-6-62 Council Regulation No. 43 concerning exports by the Grand Duchy of Luxembourg of live or slaughtered pigs. Ref. official gazette 1962, No. 53, p. 1566.
- 29-6-62 Council Regulation No. 50 fixing the amount of the intra-Community levies for pig carcasses. Ref. official gazette 1962, No. 53, p. 1573.
- 29-6-62 Council Regulation No. 51 fixing the amount of the levies on pig carcasses in trade with non-member countries. Ref. official gazette 1962, No. 53, p. 1574.
- 29-6-62 Council Regulation No. 52 fixing the amount of the intra-Community levies for live pigs. Ref. official gazette 1962, No. 53, p. 1575.
- 29-6-62 Council Regulation No. 53 fixing the amount of the levies on live pigs in trade with non-member countries. Ref. official gazette 1962, No. 53, p. 1576.

*Application of Regulation No. 21 on the progressive establishment of a common organization of the market in eggs*

- 29-5-62 Council Regulation No. 34 fixing the sluice-gate price for hen eggs in shell for direct consumption. (Application of Article 6 of the Egg Regulation.) Ref. official gazette 1962, No. 49, p. 1514.

- 29-5-62 Council Regulation No. 36 concerning the fixing of the quantity of feed-grain required for the production of one kilogramme of hen eggs in shell for direct consumption. (Application of Article 3 of the Egg Regulation.) Ref. official gazette 1962, No. 49, p. 1515.
- 20-6-62 Council Regulation No. 38 concerning the fixing of the quantity of feed-grain required for the production of one kilogramme of shell eggs of duck, turkey, goose and guinea-hen for direct consumption. Ref. official gazette 1962, No. 52, p. 1555.
- 20-6-62 Council Regulation No. 39 fixing the sluice-gate price for shell eggs of duck, turkey, goose and guinea-hen for direct consumption. Ref. official gazette 1962, No. 52, p. 1556.
- 29-6-62 Council Regulation No. 42 concerning the fixing of the quantity of feed-grain required for the production of one kilogramme of poultry eggs for hatching. Ref. official gazette 1962, No. 53, p. 1565.
- 29-6-62 Council Regulation No. 45 fixing the sluice-gate price of poultry eggs for hatching. Ref. official gazette 1962, No. 53, p. 1568.

*Application of Regulation No. 22 on the progressive establishment of a common organization of the market in poultry meat*

- 29-5-62 Council Regulation No. 33 concerning the fixing of the amount of feed-grain needed to produce one kilogramme of slaughtered pullets. (Application of Article 3 of the Poultry Meat Regulation.) Ref. official gazette 1962, No. 49, p. 1513.
- 29-5-62 Council Regulation No. 35 fixing the sluice-gate price for slaughtered pullets. [Application of Article 6(1) of the Poultry Meat Regulation.] Ref. official gazette 1962, No. 49, p. 1515.
- 4-6-62 Draft Council regulation fixing the amount of feed-grain needed to produce one chick.
- 20-6-62 Council Regulation No. 40 fixing the sluice-gate price for slaughtered poultry of the following types : ducks, turkeys, geese, guinea-fowl and laying hens. Ref. official gazette 1962, No. 52, p. 1557.
- 20-6-62 Council Regulation No. 41 concerning the establishment of the amount of feed-grain needed to produce one kilogramme of slaughtered poultry of the following types : ducks, turkeys, geese, guinea-fowl and laying hens. Ref. official gazette 1962, No. 52, p. 1558.
- 28-6-62 Council Regulation fixing the sluice gate price for live poultry not exceeding 185 grammes in weight [under Article 10 of Regulation No. 22 (progressive establishment of a common organization of the market in poultry meat)].
- 29-6-62 Council Regulation No. 44 fixing, in the case covered by Article 3(2) of Council Regulation No. 22, the amounts of intra-Community levies applicable to slaughtered hens and chickens. Ref. official gazette 1962, No. 53, p. 1567.



29-6-62 Council Regulation No. 46 concerning the method of fixing levies on live poultry not exceeding 185 grammes in weight in trade between Community countries and with non-member countries. Ref. official gazette 1962, No. 53, p. 1568.

16-7-62 Council Regulation fixing, in the case covered by Article 3(2) of Regulation No. 22, the amounts of intra-Community levies applicable to slaughtered turkeys.

*Application of Regulation No. 23 on the progressive establishment of a common organization of the market in fruit and vegetables*

16 and 20-6-62 Commission Regulation on the first measures for the application of Article 5 of Regulation No. 23 on the progressive establishment of a common organization of the market in fruit and vegetables.

21-6-62 Commission Regulation No. 60 on the first provisions for the quality control of fruit and vegetables in intra-Community trade. Ref. official gazette 1962, No. 59, p. 1665.

15-6-62 Commission Regulation No. 58 concerning the fixing of common quality standards for certain products in Annex I B of Regulation No. 23 on the progressive establishment of a common organization of the market in fruit and vegetables. [Spinach, chicory (witloof), peas, beans, carrots, artichokes, dessert grapes, cherries and strawberries.] Ref. official gazette 1962, No. 56, p. 1606.

6-7-62 Commission Regulation concerning the establishment of common quality standards for certain products in Annex I B of Council Regulation No. 23.

[This covers fruit classified as "citrus fruits", for delivery fresh to the consumer, namely: lemons, tangerines and the like, oranges and grapefruit.]

**Wine import quotas**

40. At its session of 19 and 20 June, the Council approved an interpretative statement concerning its decision of 4 April 1962 fixing quotas for wine imports. In this statement, the Council took note that France and Italy had each agreed to fix at 3 000 hectolitres the share of the wine import quota of 150 000 hectolitres set aside for sparkling wine.

**Management Committees**

41. The Management Committees for pigmeat, eggs, poultry and fruit and vegetables have begun their work. (It will be recalled that the main function of the Management Committees is to aid the Commission in the implementation of the regulations adopted under the common agricultural policy.)

## **Harmonization of veterinary law**

42. On 2 July the Commission submitted to the Council a draft directive on certain health matters concerning intra-Community trade in fresh meat. The Council has decided to call for opinions by the Economic and Social Committee and the European Parliament. This directive will contain a first set of provisions for the purpose of establishing uniform veterinary rules to eliminate existing disparities between Member States.

The Regulation on the progressive establishment of a common organization of the market in pigmeat is to be applied as from 30 July, and the Beef Regulation will come into force in November. This highlights the urgent need for common veterinary arrangements.

An Annex to the directive sets out in detail how abattoirs from which meat is dispatched are to be organized and equipped and conditions for storing and transporting meat.

The Commission has been empowered to authorize, after calling for an objective expert report, a general prohibition of the admission of meat into the countries to which it has been consigned if it has valid reasons for thinking that the supplying country has wrongly given clearance or has failed to withdraw such clearance when it should do so.

Each consignment of fresh meat must be accompanied by a certificate of fitness for human consumption issued by the veterinary official in the supplying country. This will constitute proof to the owner of the goods and the receiving country that the authorities in the supplying country have seen to the enforcement of the standards in the directive.

The system laid down by the directive for supervised abattoirs and meat packers is only a first step — but a very important one — on the road to harmonizing veterinary law.

### **The Commission's proposals to the Council concerning the regulations on the gradual establishment of a common organization of the rice, milk and dairy products and beef markets**

43. On 7 May 1962 <sup>(1)</sup> the Commission submitted to the Council draft regulations concerning the common agricultural policy with respect to beef, milk and dairy products and also rice.

These proposals are summarized below :

Draft regulation concerning the institution of a levy system and the gradual establishment of a common organization of the markets in milk and dairy products

The draft regulation provides for the institution, between the Member States and between Member States and third countries, of a system of levies to replace the

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(1) See Bulletin No. 7/62, sec. 48.

various protective measures now in force. The levies make up the difference between a threshold price in the importing country and the price of the products free-to-frontier.

The regulation, moreover, fixes the basis to be aimed at during the transition period for a common organization of the markets in milk and dairy products. It provides for target prices for milk ex farm and also for measures to support prices on the butter market.

As well as national target prices for milk ex farm, on 1 April 1963 a common target price must be fixed. This must, during the transition period, serve as the objective for the harmonization of national target prices and the alignment of market prices for dairy produce. On the establishment of the common market, the common target price becomes the price aimed at on average for payment to milk producers.

The harmonization of national target prices is to be completed by 1 April 1966. Market prices for dairy produce are to be brought into alignment by 1 January 1970, so that the threshold prices for each product will be approximated to a price calculated on the basis of the common target price of the producer.

The national intervention prices for butter are to be fixed for the period 1 November 1962 to 30 March 1963 at the level at which they were during the period 1 September to 31 August 1962. During the transition period, they are to be harmonized at a level such that the target price for milk can on the average be paid to producers. If the intervention agencies are obliged to buy more butter than is necessary to ensure the seasonal balance, these quantities must be disposed of in such a way that they hamper as little as possible normal sales. If, in spite of these interventions on the butter market, it is impossible to achieve a balance between supply and demand for dairy produce on the basis of the target price of milk, the price of butter is to be lowered by means of subsidies until this balance is attained.

Draft regulation concerning the gradual establishment of a common organization of the market in the beef sector

44. The proposal of the Commission concerning beef provides for harmonizing the protective measures now in force in the Community countries vis-à-vis third countries, introducing a common system progressively adopted to national circumstances.

Because of the great importance of the beef sector to farm incomes, this system provides for the maintenance of a certain price level in each member country, i.e. the "guide price".

In order to avoid difficulties in maintaining the guide-price because of wide discrepancies between this price and those obtaining outside of the Community, a certain safeguard is provided by means of sluice-gate prices for the principal kinds of beef. For other products, viz. beef offals, preserved and frozen meat, the Regulation provides for the use of import certificates, the issue of which may when necessary be suspended.

In intra-Community trade, since prices on the markets of Member States are within a fairly narrow range, it has been thought sufficient to maintain customs duties and abolish any other protective measures at present in force. During the transition period, intra-Community customs duties will be gradually reduced as the national guide prices are annually brought into line. The possibility of interventions on the national markets in the case of a heavy fall in prices has also been envisaged. In this case, the Regulation provides that the offer price of goods from Member States will be brought up to the guide-price of the importing state.

The Commission's proposals to the Council concerning the Regulation on the gradual establishment of a common organization of the rice market

45. On 2 May 1962, the Commission submitted to the Council the regulation on the gradual establishment of a common organization of the rice market.

This proposal comprises three parts : the first concerns the levy system, the second the price system and the third general arrangements.

#### a) The levy system

The section concerning the levy system deals mainly with the procedure for fixing the levies both in trade between member countries and with non-member countries.

The proposed machinery is based on that adopted for the other cereals, i.e. it hinges on the difference between the importing country's threshold price and the price cif or free-to-frontier of imported rice, depending on whether it comes from a non-member country or from a Member State. However, the proposal differs on a number of fundamental points from the cereals regulation. First and foremost, the threshold price for the non-producing countries is the same for all such countries and directly fixed by the Council of Ministers. In addition, the threshold price for the producing Member States is fixed on the basis of the intervention price for rice in the husk, converted to husked rice, plus cost of transport from the production area to the farthest marketing centre. Thirdly, in the case of imports from a non-producing Member State, the free-to-frontier price is replaced by the threshold price of the exporting Member State.

The cif price of rice is established on the basis of the lowest market rates in a limited number of exporting countries whose products consistently satisfy certain quality standards.

The Commission's proposal also provides for determining conversion rates between rice in the husk, husked rice and rice at other stages of milling.

#### b) The price system

In the case of rice, a single intervention price at the production stage is laid down for each producing Member State.

This intervention price is fixed for a specified category of rice in the husk, and comes into force on 1 October each year. Provision is made for a monthly

gradation of the intervention price in the producing Member States. Lastly, conversion factors prescribed for adjusting the intervention price for a given category of rice in the husk to the rate for the other categories.

For the first year, the Council is to set an upper limit for the intervention prices of producer countries. This ceiling is fixed at a level corresponding to that of the price actually charged by the rice producers at the beginning of the previous harvest year.

At the same time the Council also fixes the level of the threshold prices for non-producing Member States, on the basis of the average import price for a given reference period.

In subsequent years, the Council will take appropriate decisions for the approximation of prices.

### c) General arrangements

With a view to gradually bringing into line certain industries at present protected by differential rates of duty according to the stage of milling at which the rice is imported, special measures are planned by way of an additional levy on imports of milled rice.

## TRANSPORT

### The common transport policy

46. On 14 June 1962 the Council held a session devoted entirely to transport questions. It began by a preliminary discussion of the programme for action on the common transport policy, submitted by the Commission on 25 May (1).

The members of the Council were unanimous as to the importance of this document and the full coverage provided by the programme.

The Council decided, after this preliminary discussion, that it would go into the matter again on 27 September, with a view to adopting a resolution establishing the general framework of the common transport policy and a list of measures on which the Commission would be requested to submit proposals and which the Council would undertake to adopt during a first three-year period (1963-1965).

47. The Council, on a proposal of the Commission, then adopted a first directive concerning the establishment of certain common rules applicable to international goods transport by road for hire or reward. This directive had been laid before the Council by the Commission on 15 November 1961. The Council had decided on 23 January 1962 to consult the European Parliament and the Economic and Social Committee, and on 9 February 1962, the Parliament had given a favourable opinion on this proposal, approving its own Transport Committee's report, which slightly widens the scope of the directive. On 28 March 1962, it was approved by the Economic and Social Committee which urged that it should also be extended to certain other sectors.

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(1) See Bulletin No. 7/62, Chap. V, sec. 56.

**The directive covers :**

a) Certain categories of transport which are to be freed from all licencing restrictions from this year on. They include :

i) Frontier transport operations extending as far as 25 km. as the crow flies on either side of the frontier, provided that the total effective haul does not exceed 50 km.;

ii) Casual transport of goods to and from airports when aircraft have been re-routed;

iii) Transport of luggage in trailers towed by normal passenger vehicles and transport of luggage by vehicles of all types to and from airports;

iv) Transport of mail;

v) Transport of damaged vehicles.

b) Other categories of transport which are to be freed from current quota restrictions this year although they will still be subject to licencing. They include :

i) Transport operations, to a frontier zone extending up to 25 km. as the crow flies from the frontier, from an adjacent Member State;

ii) Goods transport by motor vehicles of a total weight fully laden, including any trailer or trailers, of not more than 6 000 kg;

iii) Transport of works of art and "objets d'art" for commercial purposes or for exhibition;

iv) Casual transport of articles and equipment intended solely for publicity and information;

v) Removals by enterprises using specialized equipment and personnel;

vi) Transport of equipment, accessories and animals to and from artistic and sporting events, circuses, etc., sound-recording equipment, and cinematographic and television film equipment.

The Council has held over its examination of a second directive from the Commission concerning the establishment of certain common rules for international goods transport other than for hire or reward.

**Transport Committee (Article 83 of the Treaty)**

48. The Transport Committee set up under Article 83 of the Treaty met in Brussels on 12 and 13 June 1962. It prepared for the Commission two opinions, the first concerning the establishment of common rules to be applied to the professional road transport of goods between the Member States [Article 75 (1 a)]; and the other conditions for the admission of non-resident carriers to operate domestic transport services within a Member State [Article 75 (1 b)].

## **Road infrastructure**

49. As part of the Commission's work on Community road infrastructure, and further to the decision taken by the Road Infrastructure Committee on 14 March 1962 (1), the Working Parties on traffic forecasts and on road transport goods terminals held their first meetings in Brussels on 6 and 19 June 1962 respectively.

The meeting of the former threw light on the main aspects of problems arising in connection with road traffic forecasts, and a programme of work was drawn up. The work will be continued in the name of the Commission in close co-operation with national government departments and specialized research offices. It will yield essential facts and figures on which long-term infrastructure programmes can be built up with due regard to structural changes in traffic patterns as economic frontiers are gradually eliminated.

The Working Party on road transport goods terminals concentrated mainly on the function of such terminals and criteria for their siting and operation. This Working Party's aim is to prepare a common position and to establish at Community level a general framework into which the work of public authorities and of private industry could fit.

## **Weights and dimensions of road vehicles**

50. Under the Council decision of 21 March 1962 establishing a procedure for examination and prior consultation in respect of certain statutory or administrative regulations contemplated by the Member States (2) in regard to transport, the Commission on 22 June 1962 consulted the Member States concerning the Benelux Committee of Ministers' decision on weights and dimensions of road transport vehicles.

At the end of this meeting, held on 22 June under the chairmanship of M. L. Schaus, President of the Transport Group in the Commission, it was decided to convene a panel of national experts to find a Community solution to the problem of the weights and dimensions of road vehicles. The first meeting of this panel will be held on 11 July.

## **Infrastructure costs**

51. The sub-committee on infrastructure costs, set up under the Committee of government experts who are helping the Commission to study transport costs, held its third meeting in Brussels from 4 to 8 June 1962.

It examined the reports submitted by the three Working Parties dealing respectively with road, railway and inland waterways infrastructure. It then made full

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(1) See Bulletin No. 5/62, Chap. IV, secs. 43 and 44.

(2) See official gazette of the European Communities No. 23, 3 April 1962.

arrangements for the Working Parties, which are due to meet again in September 1962, to continue their studies. The sub-committee also dealt with points raised in the studies on the areas of contact between different means of transport.

Lastly, the sub-committee continued its examination of general problems of costing methods notably amortization and interest.

The sub-committee will hold its next meeting in October 1962.

### **Further work on the application of Articles 79 (abolition of discrimination) and 80 (support) of the Treaty**

52. A multilateral meeting was held on 19 and 20 June 1962 with the delegations of the six Community Member States in order to seek on the basis of economic considerations having due regard to the ground covered at bilateral meetings in preceding months, possible ways of adapting certain import, export or transit rates to the requirements of the Treaty.

The Governments undertook to give their final opinions in the matter by the end of August.

### **The improvement of frontier crossing conditions**

53. On 25 and 26 June 1962 the Commission convened in Brussels a first meeting of government experts from the six member countries to examine problems involved in the implementation of the first paragraph of Article 81 of the Treaty, which provides that the charges or dues collected by a carrier for the passage of frontiers shall not exceed a reasonable sum, due account being taken of costs actually incurred in such passage.

The government experts were assisted by representatives of the railway administrations. A representative from the ECSC High Authority had been invited to attend.

The meeting was devoted to railway transport in order to keep in step with the work already undertaken by the Commission on improving physical conditions for the passage of frontiers by rail (1).

It was decided in the first place that the delegations would submit the requisite information for bringing up to date a report drafted by the Commission's staff. The report studies current charges and dues levied at the member countries' frontiers.

It was also agreed that a restricted committee would meet again in October 1962 in order to consider with the Commission's staff what steps might be planned in this field to fulfil the Treaty's requirements and, possibly, to harmonize arrangements for calculating charges and dues levied in the different countries.

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(1) See Bulletin No. 5/62, Chap. IV, sec. 42.



## OVERSEAS DEVELOPMENT

### Negotiations for the Renewal of the Association Convention

#### The standpoint of the Six

54. On the question of the negotiations for the renewal of the association of the African States and Madagascar with the Community, the Council reached agreement at its session of 20 and 21 June 1962 on the general proposals which the Community would submit to the Conference of the Foreign Ministers of the Six, of the associated African countries and of Madagascar.

#### Financial aid

The total financial aid which the Community proposes to offer the overseas countries has been fixed at 780 million units of account over a period of five years, including 80 million set aside for countries which are still dependent.

The Community's contributions would be made in the form of outright grants and special loans.

The greater part of the Fund would be financed from the Member States' contributions. At the same time the European Investment Bank may grant from its own resources loans up to a total of 50 million u.a. plus interest, to be set against subsidies by the Community for the duration of the Convention.

Out of the total of 700 million u.a. 500 million u.a. earmarked for Madagascar and the African States would be for economic and social investment and technical assistance; 200 million u.a. would go to promote diversification and output.

#### Scholarships and training periods

The Member States would also be willing to authorize each year for the duration of the Convention the necessary appropriations to finance 300 scholarships out of the operational budget of the EEC.

Any requests for additional scholarships submitted by the Associated States could be covered by the portion of financial aid set aside for economic and social investment and technical assistance.

#### Trade arrangements

As from the coming into force of the new Association Convention the following tropical products from the associated countries might be given duty-free entry into the Community: coffee, cocoa, tea, pepper, vanilla, cloves, nutmeg, fresh pineapple and coconuts.

The common external tariff will be applied to these products and its level progressively lowered. In addition, there might be a widening of quotas in the Associated States, phased over a period of four years.

## Possible association of other African States with the Community

The Council unanimously declares that the Associated States will in general be consulted on the subject of the possible association of other African States. However, the accession of new States to the Association Convention would be without prejudice to the provisions of the Convention concerning financial assistance to the existing Associated States.

This agreement between the six EEC Member States on the renewal of the Association Convention was reached after lengthy discussion. Accordingly it represents a substantial achievement and a considerable attempt to harmonize the needs of the 18 associated countries, though it leaves little or no margin for negotiation.

## The views of the Associated States

The Member States' proposals were submitted for consideration by the African ministers at the third ministerial meeting between the EEC Council and the Associated African States and Madagascar on 4 and 5 July 1962.

The 18 Associated States said they could accept a number of the proposals presented by the Six, notably those on tariffs and on the possible association of other states. However, they asked for an increase of the Community's financial aid of 30 million u.a., and for reconsideration of the proposed allocation of 80 million a.u. for the dependent countries and territories.

In particular, the countries at present enjoying excess prices for certain commodities voiced their misgivings.

The Associated States will state their position in the forthcoming weeks. Meanwhile, it was agreed, late in the evening of 5 July, that a further ministerial meeting would be held in September.

## **Scholarships, training periods and seminars for nationals of the overseas Associated States**

55. The Commission organized a training course in Milan and Ivrea (Italy) from 11 to 15 June for 60 students from the institut des hautes études d'outre-mer in Paris and for 10 EEC scholarship holders studying in Rome. The course was wound up by a tour of large industrial undertakings in the Milan district and the Olivetti works at Ivrea.

The African and Malagasy trainees with the Commission, who finished their practical courses on 30 June, went on a study trip to Germany and Italy from 11 to 24 June 1962. They visited Berlin and various industries in West Germany, and the development schemes carried out by the Ente Maremma in Italy.

## The European Development Fund

### *Economic projects*

56. In June 1962 the Council, on a proposal of the Commission, approved the financing by the European Development Fund of the three following economic projects :

#### *In the Republic of Congo (Brazzaville)*

Improvement of the third section of the trunk road from Brazzaville to Ouessou, which is at present a bottleneck.

The works comprise the raising of embankments, construction of a graded earth carriageway and the replacement of temporary structures, for an estimated outlay of about 1 134 000 units of account. The scheme will make this road, which runs through floodlands and is often cut during the rainy season, into a permanent arterial route.

#### *In the Republic of Chad*

Improvement of the road section from Massaguet to Bir-Garat (103 km.), to raise the portions liable to flooding above the flood-mark. The cost is estimated at about 689 000 units of account. Completion of the work will facilitate the flow of products from northern and western Chad to Fort-Lamy and for the export trade.

#### *In the Republic of Senegal*

Modernization of about 270 km. of roads and tracks in Casamance. The works approved form part of a national transport infrastructure programme, and are essential to the development of this very important part of the country.

The cost is estimated at about 5 266 000 units of account.

### *Social projects*

57. During the same month, the Commission approved the proposed financing of the following social projects :

#### *In the Republic of Senegal*

a) Building and equipment of a vocational training centre at Dakar, the provisional commitment being about 764 000 units of account.

As part of its four-year plan for economic and social development the Government of Senegal aims at training as rapidly as possible a skilled indigenous labour force for industry and the building trade. The object of the present scheme is to train most of the skilled workers needed for the industrial development of Senegal.

b) Building of an animal husbandry research station at Kolda in Casamance, the provisional commitment being about 352 000 units of account.

## *In the Republic of Cameroun*

### Piped water supply for M'Balmayo.

This town, with a population of 6 200, growing at a rate of about 5 % a year, is at present mostly supplied by lorry. The water used is unfit for drinking and cases of dysentery and parasitic infestation are common. The proposed new installations comprise a water-intake, a purification plant, a reservoir and a gravity-feed mains network to private houses and street fountains.

The cost is estimated at Frs. CFA 70 million, of which the EDF has been asked to subscribe 56 million (or about 227 000 units of account), the balance of 14 million being contributed by the municipality.

## *FINANCING AGREEMENTS*

58. The following financing agreements were signed during the same period :

- a) Agreement with the Republic of Senegal for a social project, the provisional commitment being about 1 758 000 units of account;
- b) Agreement with the Republic of Niger for two social projects, the provisional commitment being about 5 762 000 units of account;
- c) Agreement with the Republic of Congo (Brazzaville) for an economic project, the provisional commitment being about 932 000 units of account;
- d) Agreement with the Republic of Senegal for two social projects and one economic project, the provisional commitment being about 9 929 000 units of account;
- e) Agreement with the Republic of Dahomey for an economic project, the provisional commitment being about 2 127 000 units of account;
- f) An additional clause to an agreement with the Republic of Upper Volta for a social project, the provisional commitment being about 131 000 units of account;
- g) Agreement with the Republic of Chad for two economic projects, the provisional commitment being about 2 921 000 units of account;
- h) Agreement with the Republic of Chad for an economic project, the provisional commitment being about 689 000 units of account;
- i) Agreement with the Central African Republic for an economic project, the provisional commitment being about 1 094 000 units of account;
- j) Agreement with the Republic of Gabon for a social project, the provisional commitment being about 972 000 units of account;
- k) Agreement with the French Republic (Department of Les Oasis) for an economic project, the provisional commitment being about 316 000 units of account;
- l) Agreement with the French Republic (Department of Les Oasis) for an economic project, the provisional commitment being about 2 431 000 units of account;
- m) Agreement with the Territory of Rwanda-Burundi for an economic project, the provisional commitment being about 350 000 units of account.

# OPERATIONS OF THE EUROPEAN DEVELOPMENT FUND

Financing approved at 30 June 1962

(in thousand units of account)

Countries or territories	Number of projects	Total amount
Congo (Leopoldville)	6	4 984
Rwanda-Burundi	15	6 171
Total	21	11 155
Cameroun	20	34 024
Central African Republic	16	10 748
Comores	5	2 069
Congo (Brazzaville)	13	14 636
Ivory Coast	15	25 857
French Somali Coast	1	742
Dahomey	12	10 516
Gabon	10	9 030
Upper Volta	8	14 938
Madagascar	27	28 738
Mali (former Sudan)	18	15 092
Mauritania	7	9 780
Niger	4	13 052
New Caledonia	5	1 560
Polynesia	1	2 474
Senegal	16	28 423
Chad	13	15 460
Togo	13	10 041
Réunion	3	1 682
Martinique	2	4 567
Guadeloupe	3	4 211
Algeria	7	17 680
Sahara	2	2 747
Group of States	1	1 972
Total	222	280 039
Somalia	4	4 760
Netherlands New Guinea	8	13 334
Grand total	255	309 288

## ADMINISTRATIVE AFFAIRS

### Budget matters

59. At its session of 18 and 19 June and of 2 and 3 July, the Council established the supplementary budget for the financial year 1962.

The Commission's proposals in this field were designed first and foremost to provide the requisite means for implementing the regulations adopted under the common agricultural policy and in the field of competition. It was stressed that the establishment of common market organizations for the main agricultural products and the setting up of the European cartels office called for trained staff in adequate strength.

At its session of 18 and 19 June, the Council had adopted a number of amendments making sizeable cuts in the Commission's requests, and, in particular, down-grading the senior posts allotted. The Commission had raised the strongest objections to these cuts, stressing that it would be well nigh impossible to carry out the tasks entrusted to it with no more than the establishment allowed by the Council.

At its session of 25 to 29 June the European Parliament, which had been consulted by the Council, supported the Commission's case, and requested the Council to reconsider the draft supplementary budget <sup>(1)</sup>. Speaking on behalf of the Commission, M. von der Groeben replied to the various arguments put forward by the Council, explaining that each post created since the establishment of the Commission corresponded to a specific task in the execution of the Treaty and that moreover officials were by no means interchangeable from one department to another: the new posts, required mainly for agriculture and cartels, demand highly specialized staff who were also capable of assuming heavy responsibilities. M. von der Groeben also emphasized that the Council's cuts in establishments did quite as much as the down-grading, to add to the Commission's difficulties.

At its session of 2 and 3 July, the Council maintained its decisions of the previous session concerning the total number of posts authorized, but, having particular regard to the opinion expressed by the European Parliament, it authorized a more flexible distribution with respect to grading, so that more senior posts could be offered.

The total strength authorized was: 55 "A" posts, 52 "B" posts and 111 "C" posts.

The Commission has nevertheless maintained its reservations, as it does not consider that, even with these changes, the Council's decisions are calculated to dispel the misgivings it expressed at the previous session and before the Parliament.

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(1) See "Institutions and organs" — The Parliament.

## IV. Institutions and organs

### A. THE PARLIAMENT

From 25 to 28 June the European Parliament, under the chairmanship of M. Gaetano Martino, continued its annual session suspended on 11 May.

This session was almost entirely given up to important agricultural debates which led to the adoption of opinions and resolutions on the Commission's proposals to the Council for the application of the common agricultural policy in various sectors (including dairy produce, beef and rice), the rate of exchange and unit of account to be adopted, and other business arising from the agricultural regulations.

The Parliament also took up the question of relations between EEC and GATT; the commercial and economic aspects of the United Kingdom's application to join the European Communities; the tariff increases introduced by the United States Government; the time-limit for notifying agreements (Regulation No. 17); the draft supplementary operational budget of EEC; the initial implementing measures for free movement of frontier and seasonal workers; equal pay for men and women; and the question of the political union.

*Debate and resolutions on the implementation of the common agricultural policy.*

The sittings on 25 and 26 June dealt with sundry reports on agricultural matters :

- i) The report by M. Luecker on behalf of the Committee on agriculture concerning the Commission's proposal to the Council on the latter's regulation concerning the rate of exchange and the unit of account to be adopted in applying the common agricultural policy;
- ii) The report by M. Charpentier on the proposed amendments to the Regulation for instituting a system of levies and gradually establishing a common organization of the markets in milk and dairy products, beef and rice;
- iii) The two reports by M. Boscary-Monsservin on the proposed regulation amending the effective date of certain enactments relating to the common agricultural policy, and on the proposed regulation on aid to the production of and trade in starch potatoes and potato-starch.
- iv) M. Biesheuvel's report on the agricultural problems posed by the United Kingdom and Danish applications for membership of EEC.

Many members spoke in the *discussion on dairy produce*, particularly M. Vredeling (Netherlands, Socialist), M. Van Dijk (Netherlands, Liberal), M. Luecker (Germany, Christian Democrat), M. Carboni (Italy, Christian Democrat), M. Dulin (France, Liberal), M. Dupont (Belgium, Christian Democrat), M. Sabatini (Italy, Christian Democrat) and M. Biesheuvel (Netherlands, Christian Democrat).

The method of fixing the guide price for dairy produce was criticized from various angles. Some speakers requested that Community intervention should be extended to cheeses, others urged that the market organization should cover all

dairy produce and that an overall policy was needed. The point was also made that, since the Community was a considerable net importer of both vegetable and animal fats, the marketing of butter should not present any difficulties.

The problem of prices was studied and the Commission's proposals were criticized by a number of speakers on the grounds that they would cause a fall in milk prices of roughly 10 %, although it is not certain that lower prices are the surest means of discouraging production.

Notwithstanding M. Charpentier's proposed amendments some members were dissatisfied with the system of guide prices and professed to find its workings unclear. In the same way the proposed method for calculating the threshold price for butter and some other products on the basis of the intervention price roused some objections : as the Commission proposed to add a flat rate (0.15 units of account) to the intervention price, some members expressed a preference for the system advocated by the Committee on Agriculture which is to apply a percentage (equal to 10 % of the intervention price), the effect being to increase protection in high-price countries and reduce it in low-price countries. Various speakers dwelt on the advisability of associating producers' groupings with the execution of the common policy. Emphasis was also laid on the need to link policy with structural reforms that would put an end to the dependent position of certain producers.

The equalization to be achieved between producers of fats in the developing countries and in member countries was also discussed.

M. Van Dijck (Netherlands, Liberal) doubted the advisability of such a detailed regulation and would prefer one that merely set a general line of common agricultural policy in the milk, beef and rice sectors.

Lastly, the hope was expressed that the Commission would clearly state the line it proposed to follow in its policy towards producers, and that it would strike a proper balance between the consumer and producer interests.

Answering the speakers, M. Mansholt, Vice-President of the EEC Commission, reviewed the points raised. He first recalled how far the capacity of the Executive to fulfil its task of supervising the implementation of the common agricultural policy depended on the recruitment of suitable personnel. It was essential that the Council grant the increases in establishment requested for the purpose.

M. Mansholt stated his preference for the flat rate procedure of calculating the threshold price for butter. He was against setting a compulsory intervention price for cheese, and suggested that the Parliament adopt a more flexible formula whereby the Commission could extend its scope for action without having its hands tied. On this point M. Mansholt mentioned the role of the Management Committees in respect of the target price for milk. He thought they should not establish a priori criteria for determining it but rather learn from experience.

In the beef sector there would be a lower levy on imports from the member countries than on imports from non-member countries, so that the means advocated in M. Charpentier's report for securing a Community preference were superfluous.

M. Mansholt criticized the Charpentier report's choice of reference period for establishing the threshold price in importing and non-producer countries and



pointed out that the common price level within the Six did not depend on the threshold price in the non-producer countries during the first year. He was also against fixing a lower limit for the intervention price in producer countries. Such a measure, combined with reduced prices for other products, might have dangerous repercussions in countries like Italy.

Replying to M. Mansholt's objections, M. Charpentier explained why the Committee on Agriculture had proposed guide prices for dairy produce. The reason for the amendment criticized by the Vice-President of the EEC Commission was that they deemed it advisable to tie up the producer price of milk with those of its derived products. M. Vredeling (Netherlands, Socialist), mentioned the case of the Commonwealth countries and asked whether British producers themselves did not enjoy too much protection in this respect.

### *The debate on the market organization for vegetable fats*

On 26 June the Parliament continued its agricultural debate with a discussion, based on M. Van Dijk's report, of the market organization for vegetable fats. The underlying unity between these questions and those evoked earlier was stressed, although the opinions asked of the Parliament on the market for vegetable fats were not of such vital import as in the case of dairy produce. The point at issue was rather a sort of declaration of intent, to be followed later by a regulation. Many members were worried about this lack of synchronization in working out the common policies. Opening the discussion, M. Van Dijk referred to the difficulties experienced in preparing the report in Committee where two conflicting opinions were voiced: the Socialist Group, placing the accent on protection for the consumer, preferred a low-price policy coupled with an "open door" for third countries, while the Liberal Group and some Christian Democrats gave priority to the defence of Community producers which would mean a certain tendency towards protectionism.

These divergences were reflected in members' speeches on the matter.

Mme Strobel (Germany, Socialist) spoke in favour of the former view. While recognizing that some protection must be given to Community producers, she called for structural reforms to put a stop to an abnormal situation and would be dead against applying the levy system vis-à-vis non-member countries in order to support domestic production, as the Charpentier report seemed to advocate. Mme Strobel argued that the effect of establishing the Common Market must not be to force consumer prices upward, and that increasing the producer price of margarine would do nothing to improve the market position of butter, the consumption of which did not in her view depend on its price relationship with margarine. Mme Strobel mentioned the misgivings in Community countries regarding possible price fluctuations resulting from the application of the common agricultural policy on the butter market. A glut in this sector would not be corrected by levies on margarine — the higher prices were liable in the last analysis to be passed on to the consumer — but by a general improvement of living standards and a vigorous publicity drive.

It was important that the raw materials for margarine should be bought at world prices and the inevitable subsidies to EEC producers should be financed, not out of consumer taxes but by the public exchequer.

Mme Strobel ended by rejecting M. Van Dijck's report in the name of the Socialist Group.

M. Charpentier said he preferred the levy system which to his mind would have the advantage of aiding the associated countries and of progressively ensuring them comparatively secure outlets for their produce. He thought there was already a large measure of agreement on the principles of the interdependence of the various fats markets and the need to guarantee a fair price to the producer and promote productivity, and their differences of opinion were confined to the manner in which they should be applied. It would be unreasonable to try to base a policy on world price trends if they wanted to pursue the simultaneous but separate aims of securing cheap supplies and offering guaranteed prices to the producer. A policy of this kind would give margarine such advantages that the protection of butter production would be a very costly matter — the amount of subsidy necessary to "safeguard" butter could be estimated at 1 400 million units of account. M. Charpentier demanded that producers be protected by the expedient of a levy of 0.05 u. a. per kilo of fats imported from non-member countries. Direct aid, although still necessary, would in this way be considerably reduced.

Several speakers supported this view to varying extents including M. Briot (France, Liberal) and M. Daniele (Italy, Liberal). Some also regretted that the Commission had not given greater prominence in its proposals to the question of olive oil.

At the end of the debate the Parliament gave its opinions on the organization of the agricultural markets <sup>(1)</sup> without, however, pronouncing on the question of vegetable fats (Van Dijck report) which was referred back to Committee. It was obvious that the number and range of the conflicting views made a clear vote impossible. M. Mansholt announced that the Commission would submit in the spring of 1963 a draft recommendation to the Council on the organization of this market.

The Parliament unanimously approved the postponement from 1 to 30 July 1962 of the implementation of the first regulations under the common agricultural policy and voted some amendments to M. Charpentier's report. These concern the system of guide prices for dairy produce, Community preference in the event of levies being applied to beef imports from non-member countries and threshold prices for rice in non-producing countries.

The Socialist Group and some Netherlands Christian Democrats voted against M. Charpentier's draft opinion on dairy produce. The opinion on beef was adopted unanimously, and that on the organization of the rice market by a majority, the bulk of the Socialist members voting against.

The Parliament also adopted a resolution on the setting up of an arbitration board to deal with any disputes on the application of quality standards in the fruit and vegetables sector <sup>(2)</sup> together with three opinions.

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(1) The next number of the Bulletin will contain the Parliament's proposed amendments to the draft regulations for the gradual establishment of a common organization in the beef, milk and dairy products and rice markets.

(2) See Annex p. 67 for extracts from this resolution.

The first of these opinions was on a proposed regulation amending the effective date of certain enactments relating to the common agricultural policy; the second concerned a proposed regulation on aid to the production of and trade in starch potatoes and potato-starch. In both cases the Parliament approved the Commission's proposals and instructed the President to transmit these opinions together with the reports of the Committee on Agriculture (M. Boscary-Monsservin's reports) to the Council and the Commission.

The third opinion adopted by the Parliament was on a proposed regulation concerning the rate of exchange and the unit of account to be applied under the common agricultural policy (1).

*Debate and resolution on the agricultural problems raised by the United Kingdom and Danish applications to join EEC*

On 26 June the Parliament debated the interim report on this question by M. Biesheuvel (Netherlands, Christian Democrat) and a report by M. Blaisse (Netherlands, Christian Democrat), rapporteur of the External Trade Committee, on the commercial and economic aspects of the United Kingdom's application.

After presentation of the reports M. Boscary-Monsservin (France, Liberal) took the floor, followed by M. Furler (Germany, Christian Democrat), M. Ferretti (Italy, Liberal) and other speakers. M. Boscary-Monsservin declared that free entry for Commonwealth products was out of the question, since it would be tantamount to establishing a mere free exchange area. He added that any discrimination in favour of Commonwealth countries had to be ruled out as unacceptable to other countries, especially Latin America.

M. Rey, a member of the Commission, gave progress report on the United Kingdom negotiations. He emphasized the excellent climate at the meetings and the substantial advance made since last April. Britain's entry into the Community should not be viewed solely from the angle of the difficulties it would create for them, but they should keep in mind the advantages accruing from Britain's economic capacity, industrial power and volume of trade, to which must be added such intangible factors as sound national traditions, respect for the freedom of the individual, the country's deep-rooted democratic spirit and its admirable parliamentary tradition. M. Rey was also of the opinion that a customs union is a concept belonging to the nineteenth century but that economic union is a twentieth century idea. He read an important statement by Mr Heath, Lord Privy Seal, to the effect that, British experts having now examined the Rome Treaty chapter by chapter with the Commission's staff, the British Government was now convinced that there was no major obstacle in any sector to Great Britain's entry into the Community.

M. Mansholt, for his part, emphasized that the difficulties encountered in the negotiations mainly concerned the future of the Commonwealth. The transitional arrangements involved fewer problems than the final stage. The only means of overcoming these obstacles was to organize the world market in co-operation with the United States. M. Boscary-Monsservin had come to a similar conclusion, and also proposed that the free world should pool its agricultural surpluses as an instrument for aid to the developing countries.

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(1) See Annex p. 67 for extracts from this opinion.

The Parliament wound up the debate by adopting a resolution on the agricultural problems involved in the United Kingdom and Danish applications for membership of EEC, and a resolution on the commercial and economic aspects of Great Britain's application (1).

*Debate and resolutions on relations between EEC and GATT and on the recent increase in United States customs duties*

On 26 June the Parliament discussed the report presented by M. Vredeling, rapporteur of the External Trade Committee, and the complementary report on recent increases in United States customs duties.

On behalf of the Christian Democrat Group, M. De Grijsse (Belgium) expressed approval of M. Vredeling's draft resolution asking Parliament to support the action of Community organs against the recent decision of the United States Government for a unilateral increase in duties on sheet glass and woven carpets.

M. De Kinder (Belgium, Socialist) spoke of the unfortunate consequences of such a measure, particularly in Belgium. This action by the United States administration was in contradiction with all its declared principles of economic liberalism, and in an extremely limited field to boot, adversely affecting a small country: the loss of Belgian exports to the United States was estimated at Bfrs. 1 200 million.

The immediate effect was that about 2 000 workers would be paid off in the sheet glass and about 3 000 in the carpet industry.

Replying to the speakers, M. Rey, a member of the Commission, stated that although on the whole the negotiation on the basis of Article XXIV(6) of GATT had been satisfactory since the majority of States had accepted the Community tariff, the results of the tariff negotiation proper had been appreciably more meagre than originally hoped. The Community was partly to blame because "in the aggregate the 20 % reduction in our tariff will boil down to 6 or 7 %", but the non-member countries had also their share of the responsibility, especially the unanimity rule in the Council of Ministers. M. Rey regretted the dispute with the United States but was confident of better things in future; he welcomed President Kennedy's proposals to Congress and emphasized how courageous these were. The Community had plenty of time to prepare for further negotiations, that would probably not begin before 1963.

The resolutions on relations between EEC and GATT and on certain increases in customs duties decided by the United States Government were adopted unanimously. (2)

*Draft of the "Report to the Consultative Assembly of the Council of Europe" on the activity of the European Parliament*

The draft of the "Report to the Consultative Assembly of the Council of Europe" on the European Parliament's activities for the period 1 May 1961 to 1 May 1962 was presented to the Parliament by M. Edoardo Martino, one of its members.

The Report was adopted unanimously.

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(1) See Annexes p. 67 and p. 68 for extracts from the two resolutions.

(2) See Annex p. 69 for extracts from the two resolutions.

*Debate and resolution on the association of the African States and Madagascar*

On 28 June, M. van der Goes van Naters, on behalf of the Committee for Co-operation with the developing countries, submitted a report on the Permanent Joint Committee's recommendation approved in Strasbourg on 15 May 1962 and on related problems of the Association.

The resolution proposed that the European Parliament should reiterate its attachment to the principles which should govern the new association and had been laid down jointly with the Africans and Malagasies. M. van der Goes van Naters' report requests that any reductions in customs preferences be offset by granting at least equivalent advantages, that financial aid be increased and the Association Convention concluded as soon as possible. The rapporteur emphasized certain points not mentioned in the resolution; the need to bring the associated States into the administration of the Development Fund, to arrange for Euratom and ECSC to participate in the association and to include among the association arrangements the establishment of the Joint Development Institute (which no longer figures on the agenda of the ministerial meeting between the Governments of the Six and the African Governments). MM. Margulies (Germany, Liberal), Jarosson (France, Liberal), Dehousse (Belgium, Socialist), Battista (Italy, Christian Democrat), Pedini (Italy, Christian Democrat), Bohy (Belgium, Socialist), Kalbitzer (Germany, Socialist), Metzger (Germany, Socialist) and Pleven (France, Liberal) spoke in the debate. M. Jarosson moved that M. van der Goes van Naters' proposal be referred to the Parliamentary Political Committee. This motion came in for lively criticism, especially from M. Dehousse and M. Bohy (Socialists), and the Parliament rejected it.

M. Dehousse asked that arrangements for the transition between the old and new association systems be made forthwith, and doubted whether there was any legal necessity to have the new Convention ratified by national Parliaments. The only way to make sure that the Convention would come into force within the prescribed time-limits was to avoid submitting it for approval to the twenty-two Parliaments concerned.

M. Dehousse ended by expressing the hope that an independent Algeria would enter into association with EEC. M. Kalbitzer considered that the Six should come to that country's aid. M. Pedini stressed the need for technical and cultural co-operation with the associated countries.

Replying to the speakers on behalf of the Commission, M. von der Groeben gave the practical reasons why the Executive had refrained from asking to lead the negotiations in the name of the Community. The Commission would examine the point whether approval by national Parliaments was indispensable or not. M. von der Groeben said the Commission agreed with the Parliament that the other Communities should participate in the association and that the measures provided for in the Convention should be extended to technical and cultural aid.

The Parliament then unanimously adopted a resolution <sup>(1)</sup> approving the recommendation of 15 May 1962 by the Permanent Joint Committee in Strasbourg and referring to the related problems of association.

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(1) See Annex p. 69 for extracts from the resolution.

*Debate and opinion on the application of Articles 85 and 86 of the EEC Treaty*

M. Turani (Italy, Christian Democrat) then presented M. Deringer's report in the name of the Internal Trade Committee on the draft regulation amending the final date for the notification of former agreements. The date needed changing for practical reasons to allow enterprises the minimum time to see where they stood in relation to the regulation. M. von der Groeben, a member of the Commission, explained that the intention was not at all to favour certain agreements but to facilitate the administrative work of the Executive itself.

The Parliament adopted the opinion which the Council had requested <sup>(1)</sup>.

*Debate and resolution on equal pay for men and women workers*

On behalf of the Social Committee M. Troclet (Belgium, Socialist) introduced M. Motte's report on equal pay for men and women workers.

M. Pohér (France, Christian Democrat), M. de Bosio (Italy, Christian Democrat) and M. Nederhorst (Netherlands, Socialist) spoke in the debate. M. Levi Sandri, a member of the Commission, said that the Executive fully supported the Parliament's views, and that any restrictive interpretation of Article 119 would conflict with the agreement between the Member States. He also pointed out that the view to the effect that a Member State was only obliged to fulfil its commitments in so far as others did likewise, was unacceptable.

M. Levi Sandri further explained what the Commission had done since the agreement of November 1961 and what steps were planned to supervise its implementation during the first stage, beginning next July.

The Parliament adopted a resolution stating that the time-table stipulated 30 June 1962 as the date by which a first reduction of the differential was to be made, which meant that Article 119 must be fully applied with immediate effect, and urging "the need to consider that whilst the problem to be dealt with by the six countries should be stated in statistical terms as rapidly as possible, this must not in any way hold up the implementation of the decisions taken by the conference of the Member States at the end of 1961". Finally, the resolution "urges the Commission to ensure the strict application of the resolution adopted by the conference of the Member States and requests the Commission to resist any restrictive interpretation .... tending to limit the assimilation of wages for men and women workers in jobs which can be held by either ...."

*Debate and opinions on the free movement of seasonal and frontier workers*

On behalf of the Social Committee M. Rubinacci (Italy, Christian Democrat) introduced the report by M. van der Ploeg, M. Aschoff and himself on the EEC Commission's proposals concerning the regulations and directives for the first steps to implement the free movement of frontier and seasonal workers within the Community.

M. van der Ploeg (Netherlands, Christian Democrat), M. Vredeling (Netherlands, Socialist) and M. Sabatini (Italy, Christian Democrat) were the main speakers in the debate.

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<sup>(1)</sup> See Annex p. 70 for extracts of this opinion.

M. Levi Sandri, a member of the Commission, spoke of the importance of these regulations in view of the number of workers affected (some 80 to 100 000 of each category in the Community). He said that in his opinion the amendments proposed by the Social Committee were acceptable, except that concerning the principle of priority for the Community labour market. Whilst he agreed in principle with the proposal by the European Parliament that the Article of the Regulation dealing with this priority should be drafted in more precise terms, he said that the Regulation on the free movement of seasonal workers was merely an amplification of Regulation No. 15 concerning permanent workers. Therefore, he could not agree that seasonal workers should be treated any differently from permanent ones so far as Community priority was concerned.

As for the hope that had been expressed that they should concentrate on creating jobs where manpower was available, M. Levi Sandri said that the EEC Commission had always upheld that free movement must not be looked upon as a means of solving the problem of persisting unemployment in certain areas of the Community, but would have to be achieved in any case because it amounted to a first step towards an official recognition of a common European citizenship.

At the end of its debate the Parliament adopted two opinions. The first concerns frontier workers and contains a slight amendment to the draft regulation, in that it states "any frontier worker who for five consecutive years has held regular employment in one of the Member States and has received the necessary labour permits for periods ranging from 8 to 12 months per year, *or who has completed 40 months of work* <sup>(1)</sup>, shall also be authorized to take up any paid employment throughout that Member State's territory under the same condition as its own nationals".

In its opinion concerning seasonal workers the European Parliament approved the draft regulation and directive submitted by the Commission, but suggested certain amendments stipulating that the recruiting of batches of certain seasonal workers must be subject to a *shortage of manpower* having been found to exist in the national labour market concerned <sup>(2)</sup>.

The opinion also treats as a seasonal worker any worker employed in a Member State for less than 8 months, irrespective of whether his or her work is of a seasonal character.

#### *Debate and resolution on the budget of the Parliament, the supplementary budgets of the EEC and Euratom, and on streamlining the work of the Parliament*

On 29 June the Parliament heard the report introduced by M. Margulies (Germany, Liberal) on behalf of the Administration and Budgets Committee, dealing with the provisional estimate of the European Parliament's revenues and expenditures for the financial year 1963. The Parliament adopted a resolution on the subject.

M. Weinkamm (Germany, Christian Democrat) then submitted his report on the supplementary operational budgets of the EEC and Euratom for the financial year 1962 (Commissions and Councils) and on Euratom's draft supplementary budget for research and investment (financial year 1962). M. Valéry Giscard d'Estaing,

(1) The words in italics represent the amendments suggested by the European Parliament.

(2) The words in italics represent the amendment carried by the European Parliament.

President in office of the Councils, M. Battaglia (Italy, Liberal), M. Kreyszig (Germany, Socialist), M. Dupont (Belgium, Christian Democrat), M. Janssen (Netherlands, Christian Democrat) and M. Dehousse (Belgium, Socialist) spoke in the debate.

M. Sassen, a member of the Euratom Commission and M. von der Groeben, a member of the EEC Commission, presented the views of their respective Commissions.

The Parliament adopted a resolution which, with reference to the EEC Commission's supplementary budget, "finds that the Council has at length recognized the need for supplementary appropriations to the Commission of the EEC for implementing the common agricultural policy and the competition policy; the Parliament further finds that the Commission of the EEC has on the whole shown that the supplementary appropriations are justifiable, regrets that the Council should not have given sufficient reasons for the cuts it has made, and urges it to reconsider the Commission's request."

The Parliament also heard a report by M. Fishbach (Luxembourg, Christian Democrat) on amendments to the European Parliament's standing rules for the purpose of streamlining its work. It adopted a resolution amending in particular the rules concerning the agenda and the procedure for written questions. A new section was inserted enabling oral questions to be put to the Commission, the Councils and the High Authority, without giving rise to a debate.

On the issue of oral questions followed by a debate, a further new section has been inserted which lays down that "in order to close a debate on a question put to the High Authority or the European Commissions, a Committee, a political group, or five members may table a draft resolution, with a request for an immediate vote."

### *European political union*

On 26 June M. Battista, Chairman of the Political Committee, took up the draft resolution by M. Duveusart and M. Dehousse on a European political union; this resolution was to have been debated during this session. M. Battista said that the Parliament had already repeatedly pronounced its views on the matter and in particular had adopted a set of recommendations which went a long way towards reconciling the various governments' views. This attempt had been largely unsuccessful, as proved by the failure of the meeting of the Foreign Ministers on 17 April last.

"Meanwhile the issue has been further complicated, notably by the United Kingdom's negotiations for membership of the Community and the requests for membership or association submitted by other countries." Such being the case, M. Battista maintained for the Political Committee it was no time to hold a debate on the matter. However, he stressed once more the urgent need for political union at an early date and pressed for a resumption of the periodical meetings of heads of State or Government, the last of which was held in Bonn on 18 July 1961.

M. Dehousse asked M. Battista "whether Spain's application to join the Communities was not wholly unacceptable under the Franco régime in view of the harsh



treatment recently meted out to its nationals who attended the Congress of the European Movement in Munich." He said that it seemed to him "contradictory to apply for admission to a European institution and at the same time boycott a European Congress and apply sanctions to those taking part in it."

In his reply M. Battista said the application had not so far been considered by the Political Committee of the European Parliament since no reply had yet been made by the Council.

The Plenary Session of the European Parliament ended on 29 June.

## **B. THE COUNCIL**

### **70th session**

The Council held its 70th session on 14 June under the chairmanship of M. Roger Dusseaulx, French Minister for Public Works and Transport.

Its decisions, which concerned matters of transport policy, are discussed in Chapter II, sec. 47.

### **71st session**

The Council held its 71th session on 18 and 19 June 1962 under the chairmanship of M. Valéry Giscard d'Estaing, French Minister of Finance.

This meeting was devoted mainly to a study of the preliminary draft of the Commission's supplementary budget for 1962 (see Chap. III, sec. 59).

The Council also examined the estimates for the Committee of Control for 1963, the draft financial regulation concerning the EEC and EAEC audit for 1962, application of the Statute of Service to the Secretary-General and staff of the Economic and Social Committee, and lastly the appointment by the Chairman of the Economic and Social Committee of the special secretariat provided for in Article 5 of the Committee's rules of procedure.

### **72nd session**

The Council held its 72nd session on 19 and 20 June 1962 under the chairmanship of M. Edgard Pisani, French Minister of Agriculture.

Dealing mainly with agricultural questions, the Council adopted a number of implementing regulations pursuant to the cereals, pigmeat, eggs and poultry meat regulation adopted on 14 January 1962. (A list is given in Chap. III, sec. 39). In addition, the Council gave its formal approval in the four Community languages to a number of regulations adopted at its session of 28 and 29 May 1962. (See Bulletin No. 7/62, Chap. V, sec. 48).

The Council also approved an interpretative statement concerning its decision of 4 April 1962 fixing quotas for wine imports. In this statement, the Council took note that France and Italy had each agreed to fix at 3 000 hectolitres the share of the wine import quota of 150 000 hectolitres set aside for sparkling wine, in bottle only.

Lastly, the Council decided to consult the European Parliament and the Monetary Committee on a proposed regulation submitted by the Commission concerning exchange rates and the unit of account to be used in connection with the common agricultural policy. The Parliament will also be consulted on a proposed regulation, submitted by the Commission, concerning aids to production and trade in potato starch and potatoes for starch making.

The Council extended until 30 June the reduction to 8 % in the common external tariff for new potatoes.

#### 73rd session

The Council held its 73rd session on 20 and 21 June under the chairmanship of M. G. Gorse, French Minister for Co-operation, to examine the main problems outstanding in the current negotiations with the associated African States and Madagascar for the renewal of the Association Convention. The Council agreed on a total for financial assistance to the associated overseas states and territories to be put forward for discussion at the forthcoming meeting with the ministers of the African States and Madagascar as well as on the distribution of this sum, the Member States' contributions and the loans to be granted by the European Investment Bank. It also examined the special measures to be taken for certain tropical products from the entry into force of the Convention and the application of the CET (see Chap. III, sec. 54).

#### 74th session

The Council held its 74th session on 28, 29 and 30 June under the chairmanship of M. Edgard Pisani, French Minister of Agriculture. Devoting this session to agricultural problems, the Council adopted a number of regulations for the implementation of the regulations adopted on 14 January 1962. Details of these regulations are given in Chap. III, sec. 39. In particular the Council adopted a regulation altering the date of entry into force of certain measures connected with the common agricultural policy.

On a proposal of the Commission it also adopted three resolutions: the first concerning the consequences for calculating the levies on pigmeat, eggs and poultry of the changes in coarse grain prices after 1 July 1962; the second concerned the establishment of the amount of the levies for jointed pig carcasses and the third concerning the time-table for the preparation of a catalogue of the export aid measures introduced by the regulations under the common agricultural policy.

The Council adopted a decision fixing an exceptional system for Italy with respect to the lower limit of the target price for barley.

It held a general discussion on the problems of a world organization of agricultural markets.

In addition, it gave its formal approval in the four Community languages to a number of regulations adopted at its session of 19 and 20 June (see Chap. III, sec. 39).

Lastly, the Council decided to consult the European Parliament and the Economic and Social Committee on a draft directive submitted by the Commission concerning health problems in connection with trade within the Community in fresh meat.

The Council received from the Commission a communication concerning the establishment of advisory committees drawn from agricultural circles <sup>(1)</sup>.

### 75th session

The Council held its 75th session on 2 and 3 July under the chairmanship of M. Emilio Colombo, Italian Minister of Industry and Commerce. It dealt with the following points :

*Draft supplementary budget* : having noted the opinion expressed by the European Parliament, the Council adopted definitively the supplementary budget for 1962 (see Chap. III, sec. 59).

*GATT* : the Council concluded the agreements reached in the framework of the general tariff negotiations with Chile, Haiti, Japan, New Zealand, Peru and Switzerland. In addition, it concluded the agreement negotiated with Australia under Article XXIV (6) of the General Agreement. On behalf of the Community, it decided to conclude the General Protocol of the Tariff Conference of 1960-1961 and authorized its President to appoint the person empowered to sign the Final Act.

*Tariff questions* : the Council adopted decisions providing for the suspension of the common tariff duty on divinyl benzene (heading ex. 29/01 D 6) and for activated bauxite (heading ex. 38/03 B) until 30 September 1962 and 31 December 1963 respectively.

It also discussed the system of tariff quotas to be granted for 1963.

*Regulation No. 17* : on a proposal of the Commission and having noted the opinion of the European Parliament, the Council adopted a regulation altering, pursuant to Article 87, the time-limit laid down in Articles 5(1) and 7(1) of Regulation No. 17, postponing until 1 November 1962 the notification of agreements first stipulated for 1 August 1962.

*Social questions* : the Council appointed as alternate member of the Committee of the Social Fund M. Tjeerdsma, Secretary of the Netherlands Christelijk Vakverbond. M. Tjeerdsma replaces M. van der Mei, who has resigned, for the remainder of his term of office.

The Council appointed as a member of the Economic and Social Committee M. Paul Circaud. M. Circaud, who is President of the Chambre des Métiers du Rhône and President of the Société interprofessionnelle artisanale de garantie, replaces the late M. Adrien Boulland for the remainder of his term of office.

## C. THE COURT OF JUSTICE

Two applications were filed with the Court of Justice of the European Communities during June 1962.

The first case was brought against the EEC Council on 19 June by the National Federation of fruit and vegetable producers, a registered association with head-

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(1) The next number of the Bulletin will give particulars of these committees.

quarters in Paris. The second was also brought against the EEC Council, on the same day, by the National Federation of producers of dessert grapes.

The aim in both these cases is the withdrawal of Regulation No. 23 issued by the Council of the European Economic Community. This is a regulation providing for the gradual establishment of a common market organization in the fruit and vegetables sector. (See official gazette of the European Communities, No. 30, 20 April 1962).

#### **D. THE MONETARY COMMITTEE**

The Monetary Committee held its 41st session in Brussels on 5 June 1962. M. van Lennep, Treasurer-General of the Netherlands, took the chair. The Committee reviewed various matters connected with recent monetary and financial developments in the Member States, especially the trend in the balance of payments of the six Member States and of the Community as a whole in relations with non-member countries.

## ANNEXES

### RESOLUTIONS AND OPINIONS OF THE EUROPEAN PARLIAMENT

#### **Resolution on the setting up of an arbitration board to deal with any disputes on the application of quality standards in the fruit and vegetables sector**

The European Parliament,

*Considering* the opinion of the European Parliament on the draft regulation for the gradual establishment of a common organization of the market in the fruit and vegetables sector;

[...]

*Considering* that quantitative restrictions on imports and measures with equivalent effect are to be abolished in trade between

the Member States for products classified as "special" grade by not later than 30 July 1962;

*Noting* with regret that Article 5 of the Regulation does not include a decision to set up an arbitration board capable of acting within 48 hours at the outside to deal with any disputes on the application of the quality standards;

*Requests* the EEC Council to take a decision to this effect as soon as possible.

#### **Opinion on the draft regulation concerning the rates of exchange and the unit of account to be adopted in applying the common agricultural policy**

The European Parliament,

[...]

*Considering* that on the occasion of the entry into effect on 1 July 1962 of the organization of the agricultural markets, a regulation is called for fixing the units of account and the rates of exchange to be applied;

*Approves* the EEC Commission's proposal setting out the measures required in this field for the proper implementation of the common organization of the markets;

*Deems it advisable...* to ask for the opinion of the Community's Monetary Committee;

*Trusts nevertheless* that the Council will in due course take a decision on the Commission's proposal as a whole so that this can come into force at the same time as the organization of the agricultural markets;

*Requests* the Commission to submit a new proposal within four months should it consider this necessary having regard to the opinion given by the Monetary Committee [...].

#### **Resolution on the agricultural problems raised by the United Kingdom and Danish applications to join EEC**

The European Parliament,

[...]

*In view* of the special ties linking the United Kingdom and the Commonwealth;

*Considering* that acceptance of the common agricultural policy by the United Kingdom means that the question of trade in agricultural products with the Common-

wealth countries can only be settled in the framework of the said policy;

*Considering* that the special arrangements for trade in agricultural products between the United Kingdom and the Commonwealth should be limited in time and scope;

*Considering* that when the United Kingdom and Denmark join the European Economic Community there will be greater possibilities for stabilizing international markets;

*Deeming it necessary* to this end to organize international consultation on an ever greater scale...;

*Considering* that for the Commonwealth a solution to the problem of trade in agricultural products can only be found on a world basis;

*Takes the view that*, subject to the observations in the previous paragraphs, the accession of the United Kingdom and Denmark to EEC is to be welcomed;

*Urges* the Council of Ministers of the European Economic Community, the EEC Commission and the Governments of the Member States to take the substance of the report of the Parliament's Committee on agriculture into account in the negotiations with the United Kingdom and Denmark;  
[...]

### **Resolution on the commercial and economic aspects of the United Kingdom's application to join EEC**

The European Parliament,

[...]

*Expresses* its satisfaction that the negotiations for the United Kingdom's accession to the EEC have now reached the stage of grappling with concrete problems;

*Draws* particular attention to the following points:

a) The accession of the United Kingdom may not entail any amendment of the EEC Treaty...;

b) The accession of the United Kingdom to EEC entails acceptance of previous achievements in the matter of common policy in various fields, such as the policies on agriculture and competition;

c) Further, the United Kingdom will have to make a positive contribution to the necessary preparation of the set of common policies making up the economic union;

[...]

e) The common external tariff and the other commercial policy measures which apply at the frontier of EEC will also have to be applied in the United Kingdom at the end of the transition period to imports from the Commonwealth countries;

f) In the case of exports to EEC of tropical products from Commonwealth countries, a solution must be found through an association of such countries, having due regard to the interests of third countries;

[...]

*Expresses* the hope, with regard to the United Kingdom's application that the negotiations for the accession of Denmark, Ireland, and Norway will proceed as rapidly as possible, and that Austria, Sweden and Switzerland, which have applied for association, will clearly state the rights and duties on which they are prepared to come to an agreement with EEC.

## **Resolution on relations between EEC and GATT**

The European Parliament,

*Approving* the interim report... submitted by M. Vredeling on behalf of the External Trade Committee,

*Expresses* its satisfaction at the outcome, acceptable to all parties, of the negotiations on the common external tariff which were conducted in pursuance of Article XXIV (6) of the General Agreement on Tariffs and Trade;

*Regrets* that the Dillon round of negotiations was exceedingly protracted and yielded only moderate results;

[...]

*Expresses* the hope that negotiations will shortly be opened for a much greater lowering of the obstacle to international trade in agricultural products as well and in particular that the Government of the United States of America will be able to participate...;

*Directs* the attention of the Council of Ministers and the Governments of the Member States to the need to strengthen the EEC Commission's means of action as part of a common commercial policy, and trusts that the EEC Commission will as soon as possible submit proposals to this effect to the Parliament which must be consulted on them;

[...]

## **Resolution on certain increases in customs duties decided by the United States Government**

The European Parliament,

[...]

*Endorses* the considerations that led the Council to take this decision [concerning the increase in the United States of America's import duties on carpets and certain types of glass] and most emphatically declares that this increase seriously damages the interests of certain industries in the Community... besides upsetting the equilibrium of the concessions granted in

the tariff agreements concluded between EEC and the United States of America on 7 March 1962;

*Accordingly* approves the retaliatory measures taken by the Community;

[...]

*Relies* on the Community authorities to find with the Government of the United States a satisfactory solution to this deplorable situation.

## **Resolution on the Permanent Joint Committee's recommendation adopted in Strasbourg on 15 May 1962, and on related problems of the Association**

The European Parliament,

[...]

*Is of the opinion* that the principles (which should govern the renewal of the Association) may be summed up as follows :

As regards commercial policy,

The adjustments to be made in trade arrangements... should be kept to a mini-

mum in accordance with the spirit and letter of the Treaty; the reduction in tariff preferences should be offset by the granting of at least equivalent benefits;

As regards financial aid,

The amount of funds to be made available to the associated countries should allow for the increase in their requirements and the need to offset the dis-

advantages suffered because of reduction in tariff preferences;

As regards institutional matters,

The institutions of the Association should be organized on the basis of parity of esteem [...]. The Community should be permanently represented in the associated African States and Madagascar...;

*Insists* on the necessity of reaching in the near future a satisfactory conclusion to the negotiations on the renewal of the

Association between the Community and the Associated States...;

*Endorses* the recommendation adopted by the Permanent Joint Committee in Strasbourg on 15 May 1962;

*Asks* the Community Institutions... to base themselves on this recommendation at the next meeting at ministerial level between the Community and the Associated States; [...]

### **Opinion on the draft Regulation for amending the first Implementing Regulation pursuant to Articles 85 and 86 of the EEC Treaty**

The European Parliament,

[...]

1. *Mindful* of the fact it is impossible for many enterprises... to observe that the time-limit of 1 August 1962 set for notification under Articles 5 (1) and 7 (1) of Regulation No. 17 (first Implementing Regulation pursuant to Articles 85 and 86 of the Treaty);

2. *Is consequently of the opinion* that the time-limit should be extended and welcomes the fact that the EEC Commission has made a proposal to postpone the date for notification beyond 1 August;

3. *Considers*, however, that the time-limit for notification should not be uniformly put back to 1 November 1962, as proposed by the Commission, but should be 1 February 1963 for certain groups;

4. *Sums up* its opinion by stating that the text of the Commission's draft regulation

to amend the first Implementing Regulation pursuant to Articles 85 and 86 of the EEC Treaty should be altered as follows:

**Text proposed by the EEC Commission**

#### *Article 1*

The date of 1 August 1962 in Articles 5 (1) and 7 (1) of Regulation No. 17 is hereby replaced by that of 1 November 1962.

**Amended text**

#### *Article 1*

The date of 1 August 1962 in Articles 5 (1) and 7 (1) of Regulation No. 17 is hereby replaced by that of 1 November 1962, and, for agreements in which only two enterprises participate, by that of 1 February 1963;

[...]



## PUBLICATIONS OF THE EUROPEAN ECONOMIC COMMUNITY

A. Items concerning the activities of the European Economic Community published in the official gazette of the European Communities between 23 June and 19 July 1962

### EUROPEAN PARLIAMENT

#### Written questions and answers

- N° 19 de M. Armengaud à la Commission de la CEE. Objet : Financement des investissements dans les Etats africains et malgache (No. 19 by M. Armengaud to the EEC Commission. Subject: Financing of investments in the African States and Madagascar).  
No. 50, p. 1521/62
- N° 20 de M. Vredeling à la Commission de la CEE. Objet : Autorisation accordée à l'Italie en vue de mesures de sauvegarde pour la soie et les déchets de soie (No. 20 by M. Vredeling to the EEC Commission. Subject: Authorization granted to Italy to take safeguard measures regarding silk and silk waste).  
No. 50, p. 1522/62
- N° 21 de M. Troclet à la Commission de la CEE. Objet : Séjours temporaires (No. 21 by M. Troclet to the EEC Commission. Subject: Temporary stay of workers in other Community countries).  
No. 50, p. 1524/62
- N° 22 de M. Pedini et M<sup>me</sup> Gennai-Tonietti à la Commission de la CEE. Objet : Consommation et production des produits semi-ouvrés du cuivre et de ses alliages (No. 22 by M. Pedini and Mme. Gennai-Tonietti to the EEC Commission. Subject: Consumption and production of semi-finished manufactures of copper and copper alloys).  
No. 50, p. 1526/62
- N° 23 de M. Kreyssig à la Commission de la CEE. Objet : La formation de la jeunesse et des adultes sur le plan des Communautés européennes confiée, en république fédérale d'Allemagne, à la "Arbeitsgemeinschaft Demokratischer Kreise" (No. 23 by M. Kreyssig to the EEC Commission. Subject: Lectures and courses for young people and adults on European Community affairs, organized in the German Federal Republic by the "Arbeitsgemeinschaft Demokratischer Kreise").  
No. 50, p. 1527/62
- N° 27 de M. Troclet à la Commission de la CEE. Objet : Libre circulation des travailleurs (No. 27 by M. Troclet to the EEC Commission. Subject: Free movement of workers).  
No. 51, p. 1538/62
- N° 28 de M. Troclet à la Commission de la CEE. Objet : Publication de statistiques (No. 28 by M. Troclet to the EEC Commission. Subject: Publication of statistics).  
No. 51, p. 1539/62
- N° 29 de M. Vredeling à la Commission de la CEE. Objet : Programme d'assainissement des mines de soufre siciliennes (No. 29 by M. Vredeling to the EEC Commission. Subject: Improvement scheme for the Sicilian sulphur mines).  
No. 51, p. 1539/62

- N° 31 de M. Müller-Hermann à la Commission de la CEE. Objet : Politique commune des transports (No. 31 by M. Müller-Hermann to the EEC Commission. Subject : Common transport policy). No. 51, p. 1540/62
- N° 33 de M. Troclet à la Commission de la CEE. Objet : Application des règlements n° 3 et 4 sur la sécurité sociale des travailleurs migrants (No. 33 by M. Troclet to the EEC Commission. Subject : Application of Regulations No. 3 and 4 concerning social security for migrant workers). No. 51, p. 1541/62
- N° 34 de M. Troclet à la Commission de la CEE. Objet : Organigramme des services relevant de la direction sociale (No. 34 by M. Troclet to the EEC Commission. Subject : Establishment table of the Directorate General of Social Affairs). No. 51, p. 1542/62
- N° 39 de M. Armengaud à la Commission de la CEE. Objet : Relations extérieures de la CEE (No. 39 by M. Armengaud to the EEC Commission. Subject : External relations of the EEC). No. 51, p. 1543/62
- N° 32 de M. Nederhorst à la Commission de la CEE. Objet : Premier règlement d'application des articles 85 et 86 du Traité de la CEE (No. 32 by M. Nederhorst to the EEC Commission. Subject : First implementing regulation under Articles 85 and 86 of the EEC Treaty). No. 55, p. 1593/62
- N° 36 de M. Vredeling à la Commission de la CEE. Objet : Présentation au Parlement européen de mémorandums relatifs à la coordination des politiques commerciales (No. 36 by M. Vredeling to the EEC Commission. Subject : Submission to the European Parliament of memoranda on the co-ordination of commercial policies). No. 55, p. 1595/62

## THE COUNCIL

### REGULATIONS

- Règlement n° 33 du Conseil relatif à la détermination de la quantité de céréales fourragères nécessaire pour la production d'un kilogramme de poulet d'engraissement abattu (Council Regulation No. 33 concerning the fixing of the amount of coarse grain needed to produce one kilogramme of slaughtered pullet). No. 49, p. 1513/62
- Règlement n° 34 du Conseil portant fixation du prix d'écluse pour les œufs de poule en coquille destinés à la consommation (Council Regulation No. 34 concerning the fixing of the sluice-gate price for hen eggs in shell for direct consumption). No. 49, p. 1514/62
- Règlement n° 35 du Conseil portant fixation du prix d'écluse applicable aux poulets d'engraissement abattus (Council Regulation No. 35 concerning the fixing of a sluice-gate price for slaughtered pullets). No. 49, p. 1515/62
- Règlement n° 36 du Conseil relatif à la détermination de la quantité de céréales fourragères nécessaire pour la production d'un kilogramme d'œufs de poule en coquille destinés à la consommation (Council Regulation No. 36 concerning the fixing of the quantity of coarse grain needed to produce one kilogramme of hen eggs in shell for direct consumption). No. 49, p. 1516/62

- Règlement n° 37 du Conseil relatif aux critères de fixation des prix de seuil pour certaines catégories de farines, gruaux et semoules (Council Regulation No. 37 concerning criteria for fixing the threshold price of certain categories of flour, cereal groats and cereal meal).  
No. 52, p. 1553/62
- Règlement n° 38 du Conseil relatif à la détermination de la quantité de céréales fourragères nécessaire pour la production d'un kilogramme d'œufs en coquille, de cane, de dinde, d'oie et de pintade, destinés à la consommation (Council Regulation No. 38 concerning the fixing of the quantity of coarse grain needed to produce one kilogramme of shell eggs of duck, turkey, goose and guinea-hen for direct consumption).  
No. 52, p. 1555/62
- Règlement n° 39 du Conseil portant fixation du prix d'écluse pour les œufs en coquille, de cane, de dinde, d'oie, de pintade, destinés à la consommation (Council Regulation No. 39 concerning the fixing of the sluice-gate price for shell eggs of duck, turkey, goose and guinea-hen for direct consumption).  
No. 52, p. 1556/62
- Règlement n° 40 du Conseil portant fixation du prix d'écluse applicable aux volailles abattues des catégories suivantes : canard, dinde, oie, pintade et poule pondeuse (Council Regulation No. 40 concerning the fixing of the sluice-gate price of slaughtered poultry of the following types : duck, turkey, goose, guinea-fowl and laying-hen).  
No. 52, p. 1557/62
- Règlement n° 41 du Conseil relatif à la détermination de la quantité de céréales fourragères nécessaire pour la production d'un kilogramme de volaille abattue des catégories suivantes : canard, dinde, oie, pintade et poule pondeuse (Council Regulation No. 41 concerning the fixing of the quantity of coarse grain needed to produce one kilogramme of slaughtered poultry of the following types : duck, turkey, goose, guinea-fowl and laying-hen).  
No. 52, p. 1558/62
- Règlement n° 42 du Conseil relatif à la détermination de la quantité de céréales fourragères nécessaire pour la production d'un kilogramme d'œufs à couver de volaille de basse-cour (Council Regulation No. 42 concerning the fixing of the quantity of coarse grain needed to produce one kilogramme of farmyard poultry eggs for hatching).  
No. 53, p. 1565/62
- Règlement n° 43 du Conseil relatif à l'exportation par le grand-duché de Luxembourg de porcs vivants ou abattus (Council Regulation No. 43 concerning the exportation by the Grand Duchy of Luxembourg of live or slaughtered pigs).  
No. 53, p. 1566/62
- Règlement n° 44 du Conseil portant fixation dans le cas prévu à l'article 3, paragraphe 2, du règlement n° 22 du Conseil, du montant des prélèvements intracommunautaires applicables aux poules, poulets abattus (Council Regulation No. 44 concerning the fixing in the case envisaged in Article 3 (2) of Council Regulation No. 22, of the amount of the intra-Community levies applicable to slaughtered fowl and chicken).  
No. 53, p. 1567/62
- Règlement n° 45 du Conseil portant fixation du prix d'écluse pour les œufs à couver de volaille de basse-cour (Council Regulation No. 45 concerning the fixing of the sluice-gate price of farmyard poultry eggs for hatching).  
No. 53, p. 1568/62

- Règlement n° 46 du Conseil relatif au mode de fixation des prélèvements intracommunautaires et envers les pays tiers pour les volailles vivantes de basse-cour d'un poids n'excédant pas 185 grammes (Council Regulation No. 46 concerning the method of fixing the levies on live farmyard poultry of a weight not exceeding 185 grammes in trade between Community countries and with non-member countries).  
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## B. Recent publications of the European Economic Community

### Special publications

- 8056\* The first stage of the Common Market — Report on the Execution of the Treaty (January 1958 - January 1962). July 1962. 121 pp. (French, German, Italian, Dutch and English).  
Price : £0.5.8., \$0.80, Bfrs. 40.
- 8018\* E.E.C. - C.E.C.A. - EURATOM. Conférence européenne " Progrès technique et Marché Commun ". Perspectives économiques et sociales de l'application des nouvelles techniques (EEC - ECSC - EURATOM). European Conference on " Technical progress and the Common Market ". Economic and social consequences of the use of new techniques.
- Brussels, Palais des Congrès, December 5 to 10, 1960-1962. Volume I (354 pp.) and Volume II (736 pp.) (of the French edition). French, German, Italian and Dutch. Price to two volumes : Bfrs. 400.

### Periodical publications

- 4002 Notes and Graphs on the Economic Situation in the Community. Monthly. Nos. 6 and 7/1962. Three bilingual editions: English/French; French/Italian; German/Dutch. Price per issue : £0.11.0, \$0.50, Bfrs. 25. Annual subscription : £1.16.0, \$5, Bfrs. 250.
- 2001 The Economic Situation in the Community. Quarterly Survey. June 1962, No. 2. 71 pp. (French, German, Italian, Dutch and English). Price per issue : £0.15.0, \$2, Bfrs. 100. Annual subscription : £2.10.0, \$7, Bfrs. 350.

### Economic and Social Committee

Bulletin d'information n° 2/1962; avril-juin (français, allemand, italien et néerlandais) [Information Bulletin No. 2/1962; April-June (French, German, Italian and Dutch)].

## C. Publications by the Joint Services of the three Communities

### Joint Information Service

Publications by offices in capital cities :

Bonn : Europäische Gemeinschaft (weekly);  
The Hague : Europese Gemeenschap, No. 40, July/August 1962;  
Paris : Communauté européenne, No. 7, July 1962;  
Rome : Comunità Europea, No. 7, July 1962;  
London : European Community, No. 4, June 1962;  
Washington : European Community, No. 53, May 1962.

### Statistical Office of the European Communities

Commerce extérieur : Statistique mensuelle 7/1962 (Foreign trade : Monthly statistics — No. 7/1962).

Commerce extérieur : Tableaux analytiques. Importations : janvier-septembre 1961 (Foreign trade : Analytical tables — Imports : January-September 1961).



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