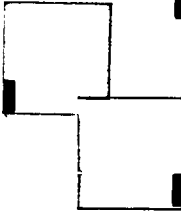


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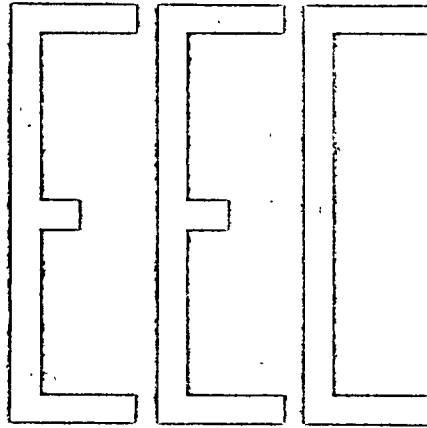
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BULLETIN

of the

**EUROPEAN
ECONOMIC
COMMUNITY**



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Supplement to Bulletin 2-1963

Draft Council directive detailing transitional measures for non-wage-earning occupations in the wholesale trade and occupations serving trade and industry (intermediaries) (Articles 54 and 63 of the Treaty).

I. Negotiations with the United Kingdom

Since this Bulletin last reported on the United Kingdom negotiations ⁽¹⁾, five Ministerial meetings have taken place in November and December 1962 and January 1963.

A ministerial meeting of the Six was also held on 3, 4 and 5 December 1962. At the November and December meetings, the Conference examined most of the points still at issue.

1. British farming

The Ministers considered at great length the problems raised by the adaptation of Britain's domestic agriculture to the rules of the common policy.

At the meeting of the Six, a joint position was agreed and was submitted to the United Kingdom delegation during the fourteenth session. As the British could not see their way to falling in with the proposals of the Six, the Conference decided to set up a fact-finding committee of Ministers of Agriculture and their experts.

This committee, with M. Mansholt in the chair, was assigned the task of making a study, product by product, in order to bring out the practical consequences of the different proposals made by each side.

A report on the committee's work was presented by M. Mansholt to the Conference of Ministers.

2. Financial regulations

The Ministers of the Six also explored the problem of financing the common agricultural policy.

Discussions proceeded on the basis of suggestions put forward by the EEC Commission, but it proved impossible to reach agreement.

3. Processed farm products

At the thirteenth ministerial session (15 to 17 November 1962) the Six proposed a "soft décalage" (slower phasing out) of duties on these products during the transition period, and nil duties on three products in the common external tariff. The British delegation accepted this proposal for some commodities only, maintaining its earlier position for the most important of the others.

Regarding their proposal as a package deal, the Six rejected the British counter-proposal.

⁽¹⁾ See Bulletin 11-62.

4. Association

a) *Association Convention with the associated African States and Madagascar*

At the fifteenth ministerial meeting (19 and 20 December 1962), M. Colombo, President of the EEC Council, informed the British delegation that the negotiations for the renewal of the Association Convention with African countries had been concluded.

The President of the Council particularly stressed the importance attached by the African delegations to the consultation procedure laid down in Article 56 of the Convention for the accession of a new member.

b) *Countries which have not applied for association*

As regards the Commonwealth countries that have refused association with the Community, the British delegation asked, at the twelfth meeting that the EEC should undertake to negotiate trade agreements with them.

At the thirteenth ministerial session the Six agreed that this might be done. However, they emphasized that any trade agreement concluded with these countries could in no case have an economic content equivalent to that of association.

Furthermore, in order to obviate the possibility of difficulties in the way of United Kingdom imports from these countries after Britain joined the Community, the Six agreed to offer the countries concerned a "soft décalage" while British duties were being aligned on the common external tariff.

They remain free of course to apply for association with the EEC under Article 56 of the new Association Convention at any future date if they so desire.

These proposals were welcomed by the United Kingdom delegation.

c) *Miscellaneous*

Arrangements were also made for some other Commonwealth countries, i.e. Malta, Aden, the Federation of Malaya, Bechuanaland, Basutoland and Swaziland.

5. Article 234 of the Treaty of Rome

At the fourteenth ministerial meeting (10 to 12 December 1962), Mr Heath reassured the Six that the United Kingdom had no intention of invoking Article 234 of the Treaty of Rome in respect of her preferential relations with the members of EFTA.

However, he stated that the United Kingdom's obligations prevented her from joining the Community before reaching satisfactory arrangements regarding the EFTA countries' legitimate interests so that all might participate in an integrated European market from the same date.

6. Institutional questions

During the fifteenth ministerial meeting, Mr Heath made a declaration on the institutional problems raised by United Kingdom membership of the Community. He particularly stressed that the United Kingdom expected to have the same obligations and the same rights in the Community institutions as Member States of comparable size.

The Six said they were broadly in agreement with Mr Heath's statement.

The negotiations were resumed on 14 January 1963 at the 16th ministerial meeting.

M. Couve de Murville, on behalf of the French delegation, demanded that negotiations be adjourned. As it proved impossible to reach agreement on this among the member countries of the Community, the following statement was issued after the meeting on 18 January. "During the 16th meeting of the Conference the French delegation requested that negotiations with the United Kingdom be suspended. The five other delegations of the European Economic Community and the United Kingdom delegation opposed this proposal. The discussion on this point will be resumed at the next meeting of the Conference in Brussels on 28 January next."

No compromise proved possible among the Six at the 17th ministerial meeting begun on 28 January 1963. Each head of delegation thereupon stated his Government's position on the matter.

Professor Hallstein made the following statement on behalf of the EEC Commission: "From the way in which this Conference has been organized the Commission is the sole institution of the European Economic Community which, as such, has the right to speak. As the spokesman of this institution, I should like to say first of all how much we regret that the Conference has taken a course which does not allow us to continue to negotiate in the way we have up to now. The Commission has sincerely tried, within the role allotted to it, and with all its might, to further the negotiations at all levels on which the Conference has been organized. In the last stage, that of making attempts to overcome the difficulties which have arisen, the Commission was also prepared to do its utmost to make possible the continuation of the negotiations and that is why it subscribed to the idea of contributing to the continuation of substantive negotiations by giving a reasoned opinion.

"In the situation which has now emerged the Commission, faithful to the functions assigned to it by the Treaty, will use all its strength to reduce to the absolute minimum the unfavourable consequences of the development that has taken place, both as regards the Community itself and as regards all the relations and links which our Community has with its friends in Europe and in the world. The Commission is indeed conscious at the present time, as it always has been, of the fact that our Community is not an enterprise conceived solely in the egoistical interests of its members but that it also has a responsibility towards other countries whose destiny is affected by its acts and omissions."

Following the eight statements, the chairman of the Conference, M. Fayat, announced that it was impossible to continue the negotiations because of their failure to agree. He then declared the 17th ministerial meeting closed.

II. Statement on the negotiations concerning the United Kingdom's accession to the European Economic Community and on the causes of their interruption

The following statement was made by Professor Dr. Walter Hallstein, President of the Commission of the European Community, at the opening of the political debate in the European Parliament on 5 February 1963.

I. The Commission is grateful to you, Mr. President, and to the House for the opportunity already offered to report on the interruption of the conference which was examining the United Kingdom's accession to the European Economic Community, to give an account of the part played by the Commission itself and to express its views on the course events have taken. To report so soon has perhaps the disadvantage that we are still too close to what has happened for a final judgement of its importance and its consequences to be possible. But it has the advantage — and this outweighs the disadvantage — that we can from the outset discover the course on which our Parliament proposes to set developments for the future.

Eighteen months ago the Government of the United Kingdom requested that negotiations should be opened with a view to acceding to the Treaty of Rome under the terms of Article 237. After fifteen months of intensive efforts, which made great demands on all concerned, the negotiations had to be interrupted last Tuesday. As a result the first feelings were feelings of disappointment and regret. Throughout the world, and especially in Europe, so many hopes had been linked to these negotiations, so much effort and goodwill had been expended in the effort to overcome the difficult material problems, that this was inevitable. The other main feeling was a feeling of worry and uncertainty about the future shape of the Community and even of the whole free world.

In these circumstances it seems to me right that I should on behalf of the Commission begin by giving a short objective report on the content and the course of the negotiations — a report that will necessarily touch only on essentials. In the light of the relationship between the Commission and the European Parliament, this report must also give an account of the role played by the Commission in the negotiations. At the end of the report I will endeavour to draw some conclusions from what has happened and to formulate preliminary views on the problems of the immediate future.

II. In a letter sent by the British Prime Minister on 9 August 1961, the Government of the United Kingdom requested the opening of negotiations with a view to membership of the Community and explained that the success of the negotiations would depend on the solution of three main problems : that of the Commonwealth, that of British agriculture and that of EFTA. The Six declared their readiness to negotiate on these three problems, and they laid down no conditions for Britain's accession. They did, however, make it clear that there were certain limits on

what could be done to meet Britain's wishes, and that these limits were set by the Treaty, by the Community law which had meanwhile been established, and by the requirements of a genuine common market.

If we look back today on the lengthy negotiations, three stages can be discerned :

Stage 1, lasted from October 1961 till April 1962. It was the stage of exploration, of preparation, of cautious reconnaissance of the other party's positions, and of getting down to deal with problems of substance. Outwardly, the negotiations made no spectacular progress during this phase. Both sides clung to their initial positions, and these were, of course, pretty widely divergent. The lack of visible progress in the shape of agreements on concrete solutions was due less to the attitude of the Six than to the fact that the internal political situation in Britain itself called for caution, and that the consultation between the United Kingdom and the Commonwealth countries had not yet reached the point where it was possible for the British to go firm on particular solutions. In order to make some sort of useful work possible in these circumstances, the Commission's delegation proposed that questions of principle should be left on one side and that there should be an examination of the problems of substance with which the Commonwealth countries would be faced as a result of British membership of the Community. It was therefore suggested that the Commonwealth countries should be grouped according to their economic problems in the following manner :

- a) The highly industrialised countries, Canada, Australia and New Zealand;
- b) The developing countries dependent on the export of industrial goods (India, Pakistan and Hong Kong);
- c) The countries which produce tropical and agricultural goods, most of them in Africa and the Caribbean;
- d) A number of other countries which raise particular problems (such as Cyprus and Malta).

On the basis of this preparatory work it was possible to go on to *Stage 2* of the negotiations, which closed at the beginning of August and can be described as the most successful stage in these negotiations. On the Commonwealth problem in particular great progress was made during this stage. The British delegation was anxious to concentrate the discussions on this subject, as the Prime Ministers of the Commonwealth countries has been invited to a conference in the middle of September.

The break-through was made on the basis of a proposal from the Commission on how industrial products from Canada, Australia and New Zealand should be treated; there would be both consultation and special time-limits by which the common external tariff would have to be applied to trade with these countries. This meant that the Commonwealth countries concerned would be able to adapt themselves gradually to the new circumstances and to enjoy during the transitional period a limited but shrinking preference on the United Kingdom market — and in the course of this transitional period there were likely to be reductions in the rates of duty, particularly in connection with what are called the Kennedy negotiations. These exceptions to the normal rules were acceptable to the Community because :

- a) It was possible to ensure that by the end of the transitional period the common external tariff would be applied in toto by Great Britain as well as the Six, and

b) The advance towards the final situation was clearly visible and would be laid down in the agreement reached.

This basic concept of the Commission, which came to be known as the *décalage*, provided a solution for a number of other problems as well.

A second great success came with the agreement on arrangements for India, Pakistan and Ceylon. Here again the solution was based on a proposal made by the Commission, which was taken up by the Six and accepted — with some amendments — by the British delegation. The Commission had from the start been convinced that satisfactory arrangements for these countries could only be found by speeding up the application of a common commercial policy. Put briefly, the problem was to find how developing countries such as India and Pakistan could be offered a growing market in Europe for their industrial products and so the opportunity of earning the foreign currency needed to put through their development plans. As, however, the exports of these countries are mostly low-price products, arrangements had at the same time to be made to avoid any major disruptions in the European market. Finally, these arrangements, like the inclusion of safeguard clauses against market disruption, could not be allowed to contain anything which could in the end lead to freedom of trade being interrupted inside the common market.

The main features of the solution reached were :

a) Britain should give up all claims to a preference on goods from these countries imported to the British market after the end of the transitional period.

b) The early negotiation of a generous commercial agreement between the Community as a whole and the Commonwealth countries concerned,

c) During the transitional period

i) Guarantee by the Community of India's and Pakistan's traditional exports of cotton textiles,

ii) A safeguard clause and certain measures taken as part of the common commercial policy in order to avoid market disruption,

iii) A *décalage* in adapting the British customs tariff to the common external tariff,

iv) Reduction of the duty on tea from 20 % to 0 %.

I should like at this point to say that in my opinion the arrangements for India, Pakistan and Ceylon are a creative achievement of the Community of obvious economic and political importance; I would like, too, to express a hope that despite the interruption of the negotiations with the United Kingdom the basic idea of these arrangements, namely the early conclusion of a comprehensive trade agreement between the Community and these countries, should not pass into oblivion.

A third important step forward resulted from the readiness of the Community to extend the association provided for in Part Four of the Treaty to those Commonwealth countries which are in a comparable position and to certain British territories especially in Africa and the Caribbean.

The most difficult task was to find an arrangement for agricultural products from the temperate zone. From the start it was obvious that for the Community itself and also for the Commonwealth countries concerned and for outside countries major interests were at stake. Here too the Commission sought to help the

negotiations forward by submitting written proposals. In the last few weeks before the summer break a considerable measure of agreement was reached on essential elements of both the long-term solution and the transitional measures. The discussions on cereals in particular were helped forward, though here too important questions were left open. The British delegation, for instance, was unable to give its approval to the text proposed by the Community on the subject of the future price policy. The transitional measures for milk products, beef and veal, mutton and lamb, sugar and flour also had to be left open. Everyone concerned also realized that the measures envisaged would probably not prove sufficient to solve the New Zealand problem. Since in addition to all this there were differences of opinion both among the Six and with the British delegations on the method of implementing the provisions of Regulation No. 25, which deals with the financing of the common agricultural policy, it proved impossible, despite great efforts, to reach agreement on 4 August concerning the whole complex of agricultural imports from the temperate zone countries. In these circumstances the partial agreements reached also had to be left in the air, as all the elements in the discussion were economically and politically interdependent. I should add that specific requests had been tabled by the British on pigmeat, eggs, certain sorts of fruit, wine, tobacco, rice, cheddar cheese and a number of minor products, and that these requests would have needed further discussion.

To sum up, it can be said that in Stage 2 large parts of the problems raised by relations with the Commonwealth countries were solved, even though it did not prove possible entirely to settle this first complex of problems put forward by the British delegation.

The results of the Commonwealth Prime Ministers' conference were on the whole satisfactory for the Government of the United Kingdom, and so at the end of September last year it was possible to move on to *Stage 3*, in which we concentrated on the second large set of problems which the British wished to discuss, namely, agricultural policy. As the United Kingdom Government did not consider that it could accept the Community ruling as it stood and without exception, it put forward a number of demands, of which the most important were :

1. A longer transition period for British agriculture;
2. Retention of the British system of guaranteed prices and deficiency payments till the end of the transitional period. Within this system the United Kingdom Government was ready to bring British prices gradually into line with prices in the Community and to impose increasingly heavy levies on imports, though these levies were, during the transitional period, to be below the normal level;
3. Alteration or extension of the Community's agricultural regulations in a number of points, the main aim of which would be to obtain supplementary guarantees for the producers of livestock products.
4. Special arrangements for the benefit of British horticulture.

The Six were not able to agree to all these British demands. They were, however, able — once again largely on the basis of proposals made by the Commission — to suggest ways of coping with the special problems of British agriculture without departing from the common agricultural policy; it would in particular have been possible, by permitting degressive consumer subsidies and, if necessary, producer

subsidies as well, to bring market prices in Britain gradually into line with producer prices.

On the other hand the Six were unable to agree to those British demands which concerned the change-over from the British system of agriculture to the Community system.

Acceptance of these proposals would have been tantamount to accepting that the British system could continue unchanged side by side with the system of the agricultural policy adopted by the other six Member States. In other words, acceptance would have meant that the common agricultural policy would not have applied to Great Britain from the moment of Britain's membership, but only at a later date, in certain spheres only at the end of the transitional period. For the Six, who had made the transition from one day to the next, from 31 July and 1 August last year, this would have been unacceptable on political grounds. In addition, reasons connected with competition policy made it impossible to agree to these proposals.

This question was hotly contested. The British delegation did not feel that it was in a position to make appreciable concessions on the main points. It was suggested from the Community side that certain compromises seemed to be possible if Great Britain would agree to the transitional period and to the application of the Community system from 1965 onwards. As long, however, as the British attitude showed no signs of readiness to compromise in these questions, it was not possible for the conference to make any progress. To get out of the difficult situation that had been created, it was suggested in December that a committee should investigate the economic repercussions which would in fact ensue from the application of the proposals put forward by the Community and from the application of those put forward by the British delegation. This extremely useful piece of work, carried through under the guidance of my colleague Mansholt, was completed on 16 January. Unfortunately, it was no longer possible for the results to be fully used in the political discussion; but when the negotiations were resumed the report put forward by this investigation committee produced the definite impression that the work done had caused ideas to advance on both sides — including the British.

For completeness I should add at this point that agreement had been reached in Stage 2 of the discussions on one aspect of the agricultural problem, the introduction of an "annual review" for the Community.

Although the agricultural discussions overshadowed the whole negotiations during these months, solutions proposed by the Commission were worked out for those Commonwealth countries in Africa which had indicated that for the present at least they did not wish to be associated with the Community. The basic idea underlying these solutions was once again the *décalage* in applying the common external tariff to goods exported to Great Britain by these countries.

In another difficult sphere, the British request for nil duties on some twenty-six tariff headings in the industrial field, some progress was made during this third stage of the negotiations. For the most important of these items (aluminium, lead, zinc, newsprint and paper pulp) possibilities of a solution could be discerned towards the end. As late as 15 January this year the Commission forwarded new proposals on the subject to the six Member States.

It also proved possible to clear up a number of questions in the institutional field. That, then, was the course of events. Let me close this review by summarizing the state of play on 29 January this year.

Taking first the difficult but important nexus of problems relating to the Commonwealth, it can be said that, except for the case of Hong Kong, the problem of the developing countries of the Commonwealth had in the main been solved. An arrangement had also been worked out on the importation of industrial products from Canada, Australia and New Zealand. The complex of agricultural imports from the temperate zone — as important as it is difficult — had not however been resolved, although here too partial solutions had been worked out. As I have already pointed out, this problem was intimately connected with the questions of New Zealand and the financing of the common agricultural policy. The proposals made by the Six for dealing with processed agricultural products from the Commonwealth countries had also not been accepted by the British delegation.

On the second group of problems, the position of British agriculture in the Common Market, the conference did not manage to reach agreement except on limited aspects. I should, however, like to say at this point that in the view of the Commission this does not mean that solutions could not have been found. The real test was still to come, and in the last few days of the negotiations it could be noticed that the British delegation was preparing to reduce its demands.

As the negotiations on the second set of problems were not completed, it was not possible for the conference to tackle in any detail the third set of problems raised by the United Kingdom, that of the relations of the United Kingdom and the Community with the other Member States of the Little Free Trade Area. Not only did this question remain unsolved, it must also be said that the scale of the question is still to some extent an unknown factor. The British Government has intimated that in view of the United Kingdom's commitments to the EFTA countries it could not join the Community until satisfactory arrangements were worked out which would take account of the legitimate interests of all members of EFTA and enable each of them to share the benefits of an integrated European market from the same date. As there seemed little likelihood that the negotiations not only with Denmark and Norway, but also with Austria, Sweden, Switzerland and Portugal could be completed in a few months, it could only be assumed that here too there would be a serious political problem to solve.

There were also certain important problems still outstanding in connection with the tariff arrangements for a number of products, and the British delegation still had certain reservations on the subject of the economic union. In the institutional field there was broad agreement as long as the matter was discussed simply on the assumption of Great Britain's membership in the Community. On the other hand, it must be assumed that a discussion of the institutional structure of the Community will raise a number of difficult problems when based on the assumption that other States will become members.

When the negotiations were interrupted there had also been no opportunity to discuss the financial questions or certain legal questions; it can, however, be taken that they would not have raised any insuperable problems.

III. The facts outlined above lead to the following view on the prospects of the conference : it is not possible to say of the negotiations at the moment when there

were interrupted that they had in practice failed, or to say that it had been proved that they could not succeed. It is equally impossible to say that the negotiations had already to all intents and purposes succeeded, in other words that they would without question have come to a successful conclusion. It would rather be true to say that they had reached a difficult stage in which the British side too would have had to make a number of considerable concessions, but that there was a reasonable chance of reaching agreement. At any rate the Commission was certainly looking forward to such agreement. In other words, there can be no doubt that the chance of success was great enough to justify the continuation of the negotiations.

IV. Since we must give the House not only a report but also an account of our action, I will now — with your permission — add a few words on the role played by the Commission in the negotiations.

In order to describe this role I must first glance briefly at the way in which the negotiations were organized. The matter was discussed and settled at the session of the Council held on 26 and 27 September 1961. Two differing points of view were expressed. One was put forward by the Commission. The proposal was that the negotiations should be organized on a bilateral basis between the Community, acting through a spokesman, and Great Britain. This view was, we believe, based on sound practice and on good legal grounds. The Council unanimously opposed it and decided that :

1. The negotiations provided for in Article 237 should be negotiations between the six States of the Community and the United Kingdom. The States of the Community should as far as possible put before the United Kingdom a common point of view.
2. The Governments of the six Member States, wishing to have the support of the Commission in their negotiations with the United Kingdom Government, agreed that the Commission should take part in the conference as counsellor of the Six, with the right to speak.
3. The Commission was to participate fully in the work of co-ordination between the Six.

The Governments concerned were to take the chair in turn, changing every three months.

The Commission is still convinced that its proposal was not only right in principle but would have been better in practice. It would have ensured a clear distinction between the taking of decisions within the Community and reaching agreement with our partner in the negotiations, and it would at the same time have made it possible to increase the vigour and the flexibility with which the Community pursued the negotiations. It would have ensured greater continuity in their pursuit and finally it would not have left with the British delegation, as initiators of the request, so much responsibility for the sequence of the work done by the conference — this was left in large part to the British owing to the multilateral procedure followed.

This criticism is not directed at any individual; we have seen on both sides brilliant performances in the way the negotiations were conducted. The criticism made is one of the system, of the method.

In fact the role played by the Commission in the negotiations was greater than appears from the terms of reference which made it counsellor of the Six. It was just the multilateral organization adopted for the conference which placed on the Commission so much responsibility for the establishment of concerted views and concerted action by the Six. It expended much of its energy on this task and endeavoured to play the honest broker among the Six: for only as long as the Six were in agreement was there any chance of an arrangement with the British which could be transformed into a formal agreement.

Our second task was, as always, to watch over the Treaty of Rome and the Community law based on it; in the negotiations too we had to be the watch-dog of the Treaty. But that was not all. The object of the negotiations was to define the conditions in which the United Kingdom could become a member, and also the adaptations to the Treaty which British membership would make necessary. Nobody, least of all the Commission, failed to recognize how great the problems of adaptation would be for so important a partner as the United Kingdom, which had decided only relatively late to take part in the process of integration. Consequently the Commission endeavoured to give these difficulties fair consideration without losing sight of the essentials of the Treaty of Rome. The success of our attitude is visible in black and white. We may look at the problem of manufactured goods imported from Canada, Australia and New Zealand, at the arrangements for India, Pakistan and Ceylon, at the negotiations concerning the duties on a series of important products, at the list of Commonwealth countries to which association would be open, or at the arrangements for the import of agricultural products from the temperate zone: with one exception all the texts on which agreement has been reached between the Six and the United Kingdom in the past fifteen months are based on a proposal made by the Commission.

That is what we have to say on the past of the negotiations. We must now turn to the present, and to what lies ahead.

V. Let me deal first with the reasons why the conference has been interrupted.

The Commission is aware that the Treaty of Rome leaves the question of accession by a new member in the last resort to the unanimous and sovereign decision of the member Governments — evidently on the assumption that the identity of the Community which results from its membership is a matter so closely bound up with the whole policy of each individual Member State that it cannot be entirely left to the Community institutions. It has at all times been the strict policy of the Commission to keep its statements and expressions of opinion within the boundaries of the Community sphere for which it has been given its powers and responsibilities; within these limits, however, the Commission has never failed on any occasion where this was necessary to express its opinion clearly and unambiguously.

Without prejudice, however, to the decision which is reserved to the individual countries as to whether they will sign an agreement bringing in a new member, membership is unquestionably also a Community matter, and a Community matter of fundamental importance. This is reflected in the Treaty of Rome when it states that the conclusion of the agreement must be preceded by a decision of the Council of Ministers after obtaining the opinion of the Commission. The Commission is therefore acting within the framework of Community affairs when it makes the following declaration:

The manner in which one member Government took and communicated its decision to interrupt the negotiations is not in harmony with the duties imposed by the Community. The results of an interruption affect the Community as a whole, not just one Member State. The Treaty defines accession as a Community matter. The opening of the negotiations was decided unanimously by the six member Governments at a session of the Council. The negotiations had been going on for fifteen months. In these circumstances one might at the very least have expected that the question of the future of the negotiations, if it had to be raised, would have been discussed fully and frankly amongst the members of the Community. This did not happen, and our Community has been faced with its first real crisis. To say this is no exaggeration; not to say it would be playing the matter down. The crisis is one of confidence, and that is what makes it so serious. The life of our Community depends on everyone looking upon and treating Community matters as matters of real joint responsibility. That is only possible if the Community system and Community procedures are respected. The right of a veto is also subject to rules, and it must be used with consideration. It is also necessary to avoid creating the impression that the Community and its aims, the Community institutions and the Community procedure are merely instruments of national diplomacy. It is no coincidence that the reaction has been sharpest in the smaller countries of the Community; it is they more than the others who see in the Community system the guarantee of a fair share in the discussion and shaping of the Community's fate.

VI. I will close with the most important point: with the repercussions of these events on the life of our Community. It would be naïve to believe that there would be no such repercussions. The Community is one of the political facts of life in the six Member States; it does not live in an ivory tower. Not only are all the material problems of our Economic Community intimately bound up with national problems and situations in the Member States; obviously all political actions, tendencies and movements within the sphere of our Community also affect the Community directly or indirectly.

We must therefore be prepared — and we are prepared — to find that in the next few weeks and months excitement continues to run high in the institutions of our Community, as elsewhere. Just because this is so true, we must be careful that our Community suffers no irreparable damage. Everyone is agreed that the existence of the Community must not be jeopardized. This would, however, be an idle phrase if the Community no longer functioned properly. And that is what would happen if it became the practice for the procedures of the Community institutions to be subordinated to the thrashing out of all the underlying conflicts which have come to light in connection with the adjournment of the negotiations before their aim had been achieved. The functioning of the Community must never be exposed to risk even in the most well-intentioned tactics. The Community is after all something other than just a particular form of co-operation between sovereign governments, something other than a permanent diplomatic conference decked out with certain organizational frills. It has its own personality. In accordance with a carefully worked out constitution this personality speaks and acts through the institutions. These act in their own right. Participation is not a matter of choice for those concerned, but is their first duty and stems from the fact that they belong to the Community. The Commission must therefore oppose every tendency to allow interruptions to occur in the proper functioning of the Community institutions.

This applies to their procedure. I have already said that on the material side recent events will exert an influence at the point where there is a material connection between a problem under discussion and the question of British membership. But that is another matter.

When we examine the motives which have led many amongst us to answer recent events with reactions which affect the smooth functioning of our organization, it seems that the intention is to take action, intended to be clearly visible both within and without the organization, to efface the impression that the Community is dominated by a single power, that anyone exercises hegemony within it. I need not repeat what we have so often said — that the Community system, the constitution of the Community is of itself the negation of any hegemony, the organized and methodical rebuttal of hegemony. That is the real key to its successful functioning throughout the years in which our Community has existed. We must consequently fight against anything which threatens this valuable characteristic of our system. But how? Surely by strengthening the Community system in which we find a complete refutation of any tendency towards hegemony. As always in periods of confusion, there is a welter of false comparisons and false alternatives. The first thing that has to be done is to uncover them and to get rid of them. What has happened in our case is not to be put down to the influence of our organization; on the contrary, I have already given you my opinion on it from the angle of loyalty to the Community. It is a consequence of the fact that the Treaty, although it brings in the Community institutions — Council and Commission — makes the accession of new members in the last resort a matter for the unanimous and sovereign decision of the member Governments — and by doing so introduces a veto. To reply by upsetting or even systematically slowing down the procedures in our Community institutions would make nothing better, but would increase the damage, and we would be doing it of our own free will.

VII. You may perhaps wish to know why I am going at such length into this whole question. It is not for the sake of criticizing but from a very simple political consideration. In the disquiet and uncertainty which has befallen us and all we are doing, we must start by finding one firm point around which or from which the rest can be got into order. This point must be our Community. For this to be possible the Community must have authority. It can only have authority if it works. What are we seeking when we say that it must work, if not respect for ourselves — and for what we represent as a Community? Only a Community which respects itself in this way can be the element of order that we so much need today.

What is the system of which I am speaking here? The symbol of this order, its concept, remains unchanged. Seen from within, it is a democratically constituted Europe built on a federal pattern. To the world around us it is outward looking and is inviting others to join it. At Atlantic level it is seeking, in agreement with American policy, to replace a system which harnesses one giant and a number of comparative dwarfs by a partnership of units which are today comparable and one day will be equal, a partnership of America and Europe. In other words, a reorganized Europe which is not a "third force", but entirely part of the free world, the best contribution it can make in the circumstances of today.

VIII. While we exhort everyone to press on with the daily round in our institutions, we are well aware that this is but a small part, the smallest part, of what has to be done — from our point of view indeed a part which goes without saying. Behind this there is, of course, the task of overcoming the problems of substance which have been left unsettled. There is first of all the accession of Britain, which we too consider to be merely postponed. I can think of scarcely any sentence spoken during the interrupted conference which so much deserves to be kept in mind by everyone as that spoken by the leader of the British delegation, Mr Heath, when he said the British would not turn their backs on the continent. To this we can only reply: and we shall not turn our backs on Britain. The door must not only be kept open, but solutions must be worked out to bridge the period before Britain becomes a member. An examination must be made of the questions which have arisen in connection with the negotiations for membership and which affect other countries: the States of the Commonwealth, the countries which wished to opt for a place in the association with the African States and Madagascar, and the countries which have applied for membership, for association or other solutions. We must consider the repercussions which the interruption of the conference will have on the form and the content of the negotiations to be held with the United States on the basis of the authorization given to the American President in the Trade Expansion Act. It is still too soon to give concrete answers to any one of these questions, even tentatively. But we have lost no time in setting about the work — any more than time has been lost in the capitals of the member countries.

In doing so we have discovered one important fact — that the great political effort, the hard work done in the last fifteen months, has not been rendered useless by the interruption of the conference. The conference has made us more keenly aware than any academic considerations could have done how closely our Community is bound up with the circumstances, the difficulties and the political realities of the whole world. It has forced us to think these relationships out thoroughly and to work out very firm ideas on how they can be kept under control. This work has not been wasted.

III. Resolutions adopted by the European Parliament on 6 February 1963

at the end of the debate on the statement of M. HALLSTEIN, President of the Commission of the European Economic Community

Resolution on the interruption of negotiations between the Six and the United Kingdom Government

The European Parliament

1. *Points out* that the ultimate aim of European integration is the creation of a United States of Europe, a supranational economic and political Community based on equality of rights among its Member States and endowed with its own institutions independent of Governments,
2. *Considers* that only such a Europe will be able, within an Atlantic partnership and on a footing of equality with the United States of America, to play its part in the defence of the free West, in the maintenance of peace and in general economic progress,
3. *Recalls* that in several resolutions it has declared itself in favour of the United Kingdom and other countries joining the European Communities, provided that their advent does not compromise the process of integration and in no way impairs either the substantive rules or the institutional make-up of the Treaties of Rome and Paris,
4. *Voices* its grave misgivings at the unilateral interruption of the negotiations between the Six and the Government of the United Kingdom,
5. *Requests* the Council to ensure that the Conference which was instructed to examine the problems raised by the accession of further countries to the Community should continue regular discussions with the object of facilitating the accession of other countries, particularly the United Kingdom,
6. *Approves* the statement made by the President of the Commission of the European Economic Community,
7. *Undertakes* to do everything in its power to help the Community to put into effect, in accordance with the time-table laid down, the Action Programme set out in the Memorandum of 24 October 1962.

Resolution inviting the EEC Commission to report to the European Parliament on the state of the negotiations between the United Kingdom and the six Common Market countries

The European Parliament

Invites the EEC Commission to make a report on the position reached on 29 January 1963 in the negotiations between the United Kingdom and the six Common Market countries;

In its report the Commission will review both the results obtained and the problems still pending, and will give its opinion on the latter;

The report is to be submitted to the European Parliament within three weeks at most, and will be discussed by the Parliament during its March session.

IV. Agreement on the convention associating the African States and Madagascar with the Community

The EEC Commission took part in the fifth Ministerial Meeting between the EEC Council and the associated African States and Madagascar in Brussels on 19 and 20 December 1962. The new Convention associating the seventeen African States and Madagascar with the six members of the Community was finally initialled at this meeting on 20 December after lengthy negotiations.

This agreement is an important milestone in European activities in 1962. Relations between a large area of Europe and of Africa are charted for another five-year period but in a different context from that in which the first Convention implementing Title IV of the Treaty of Rome was signed five years earlier.

The new agreement provides for institutions to ensure that the provisions of the Convention are implemented on the basis of equality and that the Community's technical and financial contribution to the development of the young overseas States is expanded and diversified.

The eighteen associated States are : the Kingdom of Burundi, the Federal Republic of Cameroun, the Central African Republic, the Republic of Chad, the Republic of Congo (Brazzaville), the Republic of Congo (Leopoldville), the Republic of Ivory Coast, the Republic of Dahomey, the Republic of Gabon, the Republic of Upper Volta, the Republic of Madagascar, the Republic of Mali, the Islamic Republic of Mauritania, the Republic of Niger, the Republic of Rwanda, the Republic of Senegal, the Somali Republic and the Republic of Togo.

The Association Convention will be formally signed in Africa in the capital of one of the associated States. The date and place of signature are still undecided. The Convention will then be ratified by the Member States and the associated States in accordance with their particular constitutional procedures. Until the Convention enters into force relations will be governed by transitional provisions adopted by the Council.

Below is a summary of the provisions of the Convention, which comprises a Preamble and five Titles covering trade (Title I), financial and technical co-operation (Title II), the right of establishment, services, payments and capital (Title III), institutions (Title IV), and general and final provisions (Title V). Seven protocols and a number of declarations annexed to the Convention concern its application and implementation.

I. Trade

The new provisions adapt and complete those concerning customs duties and quotas in Part IV of the Treaty and in the former implementing Convention. The principle of reciprocity between associated States and Member States is retained in this field.

Exports from the associated States to the Member States will benefit from the same gradual elimination of duties and expansion of quotas as the Member States apply amongst themselves. Moreover, as soon as the Convention comes into force the following products of the associated States will enter the Member States duty-free: pineapples, coconuts, coffee, tea, cocoa, pepper, vanilla, cloves and nutmeg. At the same time the common external tariff will come into operation for these products at reduced rates. The Community undertakes to pay due regard to the interests of the associated States when fixing its common agricultural policy with respect to those of their products which are similar to, or compete with, European products, particularly oilseeds and sugar.

On the other hand, no later than six months after the effective date of the Convention, the associated States will extend the same tariff treatment to products originating in all Member States and will gradually abolish quantitative restrictions and measures with equivalent effect on the importation of such products. The associated States may, however, retain or introduce customs duties and charges with equivalent effect on products imported from the Member States when such duties and charges correspond to the requirements of their development and industrialization or are intended to contribute to their budgets. If such measures prove inadequate to cope with these requirements, or in the event of balance-of-payments difficulties, the associated States may also retain or introduce quantitative restrictions.

The contracting parties will freely frame their trade policies but will inform and consult each other concerning their policy on trade with third countries wherever this policy could injure the interest of one or more contracting parties. Customs unions or free-trade areas between one or more associated States and one or more third States may be maintained or established provided they do not conflict with the principles and provisions of the Convention. However, the system applied by the associated States to products originating in Member States may not be less favourable than that applied to products originating in the most-favoured third State.

Provision has also been made for the Community to help finance schemes which will enable certain products of the associated States to be marketed throughout the Community at competitive prices. Such measures will encourage the rationalization of crops and of sales methods and the diversification of production and help producers to carry out any necessary adaptations.

II. Financial and technical co-operation

The objective of the Convention is to foster the economic and social development of the associated States and this is to be done, as in the past, mainly by means of the European Development Fund (EDF) which is managed by the Commission. The Fund is to be assisted henceforth by the European Investment Bank (EIB) which hitherto has only operated for the benefit of the Member States of the Community.

There are four main features to the new association system:

a) *An increase in the total amount of aid.* In the first period of the association aid amounted to 581 million units of account. In the second period it will

amount to 800 million units of account ⁽¹⁾ of which 730 million will go to the eighteen associated States and 70 million to the dependent territories (Surinam, Netherlands Antilles, French Polynesia, New Caledonia, Wallis and Futuna, the Comoro Archipelago, French Somaliland, St. Pierre et Miquelon, the Southern and Antarctic territories and the four French overseas departments - Guiana, Martinique, Guadeloupe and Réunion). This means an increase of 38 % in the total amount of aid.

b) *Diversification of the Community's financial methods.* Whereas hitherto the Community was only able to grant aid outright, it will now have a much wider range of financial methods at its disposal. The 730 million allocated to the associated States will be distributed as follows :

- i) Non-reimbursable grants by the EDF : 620 million;
- ii) EDF loans on special terms : 46 million;
(very long amortization period, period of grace, low rate of interest);
- iii) EIB loans on ordinary terms : 64 million;
- iv) Interest rebates subtracted from the total amount of non-reimbursable grants thus enabling the EDF to cut to 3 % the interest on ordinary EIB loans;
- v) Short-term advances to stabilize commodity prices up to a ceiling of 50 million from the cash holdings of the Fund (this is not additional to the preceding figures).

c) *Diversification of the sectors receiving Community aid.* Hitherto the Community could finance only capital investment and, on occasions, certain technical assistance schemes. The new Convention gives it wider scope :

- i) Traditional type of capital investment : 500 million;
- ii) Aids to production : 230 million, including additional bonuses so that products can gradually be marketed at competitive prices, structural aids to production, and aids to diversification to remedy weaknesses in single-crop economies;
- iii) Stabilization measures to mitigate fluctuations in prices for agricultural products;
- iv) Technical assistance (the financing of which is included in the 500 million earmarked for investment).

d) *The fact that the accent is on technical co-operation* is an important innovation since during the first period of association the Community was not formally entitled to intervene in this field, under either the Treaty or the Implementing Convention. Experience with the first EDF having shown that this was imperative the Commission will be empowered to finance, through the EDF, schemes for technical co-operation connected with investments. Such schemes may be preparatory or subsequent to the main investment or concurrent with it. Provision is also made for general technical co-operation (dispatch of experts, scholarships, traineeships, short training periods). Credits from the Commission's ordinary budget have backed interesting experiments in all these sectors in recent years and the financing by the EDF of such technical co-operation schemes should give them the range and stability consonant with the aims pursued.

(1) The unit of account, defined as a weight of fine gold, has the same value as the US dollar.

III. Right of establishment, services, payments and capital

The basic principle behind the provisions on establishment is nondiscrimination in the associated States against nationals and companies from the Member States. The application of this principle is, however, subject to reciprocity with respect to nationals and companies from the associated States in the Member States. At the same time the signatories undertake to free payments and capital movements connected with the facilities for establishment thus afforded.

Three years is the period within which European nationals and companies in Africa and African nationals and companies in Europe should be placed on an equal footing. If special difficulties arise an associated State may be permitted on request to suspend, for a given period, the application of this principle to a particular activity.

IV. The institutions

The Convention provides the Association with institutions in which the Community and the associated African States and Madagascar are equally represented.

These institutions are :

- a) The Council of Association assisted by the Association Committee;
- b) The Parliamentary Conference of the Association;
- c) The Court of Arbitration of the Association.

The Council of Association consists of the members of the EEC Council, members of the Commission and one member of the Government of each associated State. The chairmanship is exercised in turn by a member of the EEC Council and a member of the Government of an associated State. The Council meets at least once a year and arrives at its decisions, resolutions, recommendations or opinions by agreement between the Community on the one hand and the associated States on the other.

The Association Committee consists of one representative from each Member State, one representative of the Commission and one from each associated State and its chairmanship follows that of the Council. The Committee, whose aims and terms of reference will be determined by the Council, will have to secure the continuity necessary for the smooth functioning of the Association.

The Parliamentary Conference of the Association consists of members of the European Parliament and members of the Parliaments of the associated States. It meets once a year and passes resolutions. The Council submits an annual report to the Conference.

The Court of Arbitration of the Association finds on disputes in association matters which it has not been possible to settle amicably in the Council of Association. It has five members appointed by the Council : the President and two judges are appointed after nomination by the EEC Council and the other two after nomination by the associated States. The Court hands down majority rulings and its decisions are binding on the litigants to the disputes.

V. General and final provisions

The Convention will come into force on the first day of the month following the date on which the instruments of ratification by the Member States and by at least fifteen of the associated States, and the instrument notifying the conclusion of the Convention by the Community, have been deposited. So far as the Community is concerned the Convention is validly concluded by a decision of the EEC Council taken in accordance with the provisions of the Treaty and notified to the Parties.

Any request for association with the Community submitted by a State whose economic structure and pattern of production are comparable with those of the associated States will be laid before the Council of Association for consultation after it has been studied by the Community. The agreement for association between the Community and such a State may provide for the accession of that State to the present Association Convention. The State will then enjoy the same rights and be subject to the same obligations as apply to the associated States provided that this does not impair the advantages which the latter enjoy as regards financial and technical co-operation.

The Convention may be terminated at six months' notice by the Community in respect of any associated State or by any associated State in respect of the Community.

V. The European Community's long-term energy prospects

Between 1960 and 1975 the European Community's energy requirements will rise from 460 million to 850 million tons of coal equivalent, but coal will only account for one third of this total from 1970 and Community coal will provide 15 % - 23 % of energy supplies in 1975, the lower figure on the assumption that no assistance or protection is given to coal mining, the higher figure implying maximum assistance.

Most of the increase in requirements will thus be covered by imported fuels — particularly oil. It is hardly likely that Community coal output will maintain its proportionate contribution to fuel supplies. Its competitive position will not in the long term improve, and if there were no assistance scarcely half of current production would be competitive.

This raises the problem of maintaining coal sales at the desired level, the problem of oil supply policy and that of a system for developing nuclear power plants.

These are the main conclusions reached by the study of the long-term energy prospects of the European Community which has just been published by the Inter-Executive Working Party presided over by a representative of the ECSC High Authority. This is the first time on a European scale that specific forecasts have been made on energy in terms of quantities, prices and quality.

The study, which contains 250 pages, is not in itself concerned with economic policy, but it is intended to collate all information enabling the field to be defined and the effects of possible energy policies to be measured. From this point of view there is a definite connection between the study and the policy memorandum which the Inter-Executive Working Party submitted to the ECSC Council of Ministers on 27 June 1962: the study clarifies the hypotheses on which the memorandum is based and provides material for answering the main questions put by the Council on the competitive capacity of European coal, on subsidy arrangements, the conditions of oil supply, the prospects of atomic energy, etc.

The study was addressed to the ministers concerned in the six member countries and will also be sent to the Advisory Committee of ECSC and the Economic and Social Committee of EEC, which the High Authority has asked to submit formal opinions regarding the memorandum on economic policy.

Prospects for the different sources of energy

The introduction explains why particular attention had to be paid to defining long-term prospects: the year generally used as a point of reference is 1970, which is the end of the transition period for implementing the Common Market, but as far as possible corresponding figures have also been given for 1965 and 1975.

In many cases the combined figures suggested for the distant future must be regarded as orders of magnitude rather than precise data. In forecasting so far

ahead there are many uncertain factors, and the authors have pointed to all possible margins of error; nevertheless they did not on this account abandon the attempt, for they considered that these elements of uncertainty did not materially affect the general conclusions by which political decisions must be guided.

1. Energy requirements

Given the outlook for rapid growth in the Community's economy (4.6 % per annum for the national product), total energy requirements should go up about 4 % per annum, rising from 460 million tons coal equivalent in 1960 to 700 in 1970 and nearly 850 in 1975.

Total consumption of primary energy

(Million tons coal equivalent)

Country	1950	1955	1960	1965	1970	1975
Germany	129.0	180.9	205.3	239	282	330
Belgium	28.4	33.5	33.9	37	42	48
France	82.5	102.4	121.9	151	187	231
Italy	26.2	43.0	65.6	99	137	176
Luxembourg	3.0	4.0	4.6	6.1	6.6	7.1
Netherlands	20.0	25.2	30.1	38	46	56
Community	289	389	461	570	700	848

Breakdown by sectors of total requirements of primary energy

(In %)

	1950	1955	1960	1965	1970	1975
Primary producers, processing and distribution losses (excluding electricity)	13.2	11.4	9.3	8.2	7.2	6.8
Iron and steel	10.2	11.0	11.3	11.2	11.0	10.1
Other industries	18.4	18.4	19.0	18.6	17.9	16.9
Transport	13.0	12.6	12.8	14.0	14.5	15.1
Households	21.1	22.1	20.9	20.2	19.0	17.8
Electric power stations						
a) Hydraulic, nuclear, etc.	6.8	7.4	9.2	8.5	8.9	9.5
b) Thermal	17.3	17.1	17.5	19.3	21.5	23.8
Total	100	100	100	100	100	100

The demand for energy is increasing in all sectors, but the pattern is changing. The most spectacular change results from the fact that electricity consumption will go up much more rapidly than that of other forms of energy. As the production of geothermic, nuclear and hydroelectricity can only meet a very modest proportion of the increase in demand, thermal power stations will have to meet most of it.

2. Community coal

By about 1970 coal will no longer meet much more than one third of requirements. Even if the current level of production were maintained, Community coal could therefore only cover a decreasing proportion of energy requirements.

Even today, on the basis of current prices of competing products (imported coal and fuel oil), Community coalfields are much less competitive than they were.

It is true that competition at the moment is operating in conditions that may be considered to be to the disadvantage of coal, certainly because of the variety of rules of competition governing the markets in the various products concerned, and doubtless also because of losses on closing pits. Furthermore, for imported products some of the low prices recorded in recent years may be regarded as exceptional.

However, even assuming that those disparities are remedied and the market returns to normal (which implies some hardening of the price of imported products), there will be no lasting improvement in the competitive position of coal. This is because, even if we assume a high growth rate for "underground output" in Community coalfields (about 70 % in 15 years), wage increases will probably put up costs.

Output per man/shift

(In kg.)

	1960	1965	1975
Ruhr (including Aachen)	2 185	2 700	3 750
Saar	2 055	2 700	3 700
Campine	1 790	2 350	3 200
Southern Belgium	1 450	1 760	2 390
Nord/Pas-de-Calais	1 560	1 680	2 490
Lorraine	2 580	2 850	4 220
Limburg	1 830	2 380	3 530

The wage trend

In the forecast of wages up to 1965 the study accepts the figures suggested by the experts consulted. From 1965 onwards it has been assumed that wages will follow the movement of per capita income.

Thus it is implied that broadly speaking the gap existing in 1960 between miners' earnings and the average earnings of other workers will not change. The wage rates should rather be considered as minimum hypotheses.

3. Imported coal

For steam coal imported from the USA it may be estimated that the average price in 1970 will be between \$13 and 13.50, while for American coking coal the price will vary according to quality between \$14.50 and 16.50 delivered to North Sea ports.

Depending on whether the Community follows a policy of giving maximum assistance to Community coalfields or a policy of non-protection, coal imports, which are now 13 million tons, will go up either to 40 million tons or 100 million tons.

4. Oil and natural gas

The long-term prospects suggest that, even if account is taken of the increase in other Community production, imports will have to cover an increasing proportion of requirements, most of these imports consisting of crude oil. There will be an increase in tonnage, which means that the Community must ensure that it has adequate transport facilities. Imports will rise, in terms of requirements, from one third to-day to more than half in 1970, which will give added significance to problems of security of supply and price stability.

Proven oil reserves are currently put at 41 000 million tons for the whole world, which at the present rate of extraction will last nearly forty years. In fact these reserves are only part of world resources, which should last for a very long time.

As for prices in the long term, the most reasonable assumption for Middle East crude, which accounts for more than 80 % of Europe's supplies, is that for some years prices will vary little from the present level.

Later, in view of the trend of development costs, prices will probably rise to between \$17 and \$19 per ton delivered to North Sea ports — a substantial increase on present prices.

The Community's proven reserves of natural gas are estimated at 560 000 to 850 000 million cubic metres.

The geographical situation and length of the present pipe-lines have been decided in relation to the aims of national or regional economy, which themselves take into account the needs of the market, particularly the market in competing sources of energy.

Production of natural gas has more than quadrupled since 1958. In 1975 Community production will be between 32 600 and 42 100 million cubic metres, which with imports will ensure Community supplies of between 53 000 and 62 000 million cubic metres (62 to 80 million tons coal equivalent) in 1975.

5. Atomic energy

On the basis of available information there is every reason to believe that by 1970 large atomic power stations will be in a competitive position to cover the base of the load diagram. The novelty of the atomic energy industry will raise a number of problems for many supply industries such as mechanical and chemical industries and civil engineering.

Plans to speed up the rate of development will not mature for some years and must therefore be made now.

In 1970 the contribution of nuclear electricity to the Community's energy supply will be 8 million tons coal equivalent, but in 1975 it will be between 24 and 40 million tons, or 3 % to 5 % of total supplies. The proportion of electricity produced by means other than thermal power stations will thus rise from 9.2 % in 1960 to 10 % or 12 % in 1975.

General conclusions

This work makes it possible for different types of possible energy balance to be drawn up, assuming freedom of choice for the user but taking account of different degrees of assistance to coal mining and of protection against imported energy.

Pattern of the Community's energy supply in 1960 and 1975

(In percentage of total)

	Community production		Imports		Total	
	1960	1975	1960	1975	1960	1975
Coal	51	15-23 ⁽¹⁾	3	11.5	54	24-28
Brown coal	6	4	1	—	7	4
Petroleum	4	2	23	50.44	27	52.46
Natural gas	3	5.7	—	3	3	8.10
Hydraulic electricity	9	7	—	—	9	7
Nuclear electricity	—	3.5	—	—	—	3.5
Total	73	36.48	27	64.52	100	100

⁽¹⁾ The higher figure assumes a policy of maximum assistance to Community coal, the lower figure assumes no protection at all. The converse is true of the figures for imports.

Since the c.i.f. prices of imported products and the production costs of Community coal will show a different trend, and in spite of the increase in energy requirements, the amount of Community coal that will be competitive if there is no assistance at all seems only slightly more than half of current production.

Furthermore, even if maximum assistance to Community coal is assumed, the proportion of imported fuels will increase very considerably and will be more than 50 % of requirements.

In view of security factors and social and regional considerations, assistance will have to be given to the coalfields to keep their output and sales higher than would result from a level of competition based on purely economic analysis.

Without prejudice to issues of energy policy, three basic problems emerge from the economic analysis in this report :

a) Ways and means must be found to keep sales of coal in the Community at the desired level. These measures should be designed to stimulate rationalization in Community coalfields. In view of the considerations mentioned above, they should ensure that the main Community coalfields are kept in production.

b) A policy must be framed for the supply of imported fuel, particularly crude oil. The principle of Community supply at the lowest cost must be regarded in the fairly long term and conditions must be found that will prevent an artificial price increase, despite the fact that the Community is largely supplied from producing regions with the lowest operating costs.

c) A study must be made to determine the optimum rate of developing atomic energy plants. Within 15 to 20 years, atomic energy will strengthen the security of energy supplies in the European Community.

Thus any solution to one of these problems leaves some latitude for dealing with the other two. Nevertheless, it can be observed that the increasing proportion of imports in the Community's energy supply (which puts the Community in a very different position from that of the other large economic units) calls for a very open market so that the cost of supply can be reduced as much as possible, but the natural corollary of such an attitude is that a common energy policy must be adopted that will provide security of supply, without which the aim of low costs can never be reached.

VI. Request for the opening of negotiations

On 10 December 1962 M. Spyros Kyprianou, Minister of Foreign Affairs of the Republic of Cyprus, addressed a letter to M. Colombo, President in office of the EEC Council, in which the Government of the Republic of Cyprus requests, on the basis of Article 238 of the Treaty establishing the EEC, the opening of negotiations with a view to association with the Community. The Government of the Republic of Cyprus expresses the hope that an agreement may be concluded on conditions compatible both with the present state of economic and social development of Cyprus and with the aims of the Community.

VII. Association with Greece

The EEC-Greece Association Committee met in Brussels for the first time on 13 and 14 December 1962. This Committee was set up by the Council of Association at its first meeting on 12 November 1962 with instructions to help the Council in its work, to prepare its discussions, to study questions at the request of the Council and to secure the continuity necessary for the smooth functioning of the Agreement.

At this first meeting the Association Committee discussed at length the application of Article 64 (3) of the Agreement : consultation of the Greek Government on the negotiations with the United Kingdom.

Acting on a Community proposal, the Committee considered the progress of negotiations on each product of interest to Greece, i.e. certain products listed in Protocol No. 10 to the Agreement (tobacco, raisins, rosins, citrus fruits, aluminium, unwrought lead and zinc, knotted carpets, fresh grapes and cotton goods).

The Community informed the Greek delegation of the stage that negotiations with the United Kingdom had reached on each of these products and noted the Greek comments.

Other matters dealt with at this meeting included the implementation of article 34 of the Agreement, which concerns agriculture. Here it was decided that the Community should inform Greece officially of the Commission's proposals for the common agricultural policy as soon as these proposals are communicated to another Community body.

The next meeting of the Association Committee is scheduled for 1 February 1963.

VIII. Activities of the Community

EXTERNAL RELATIONS

Turkey's application for association

1. At its session of 3 and 4 December 1962, the Council further expanded the directive that had been prepared for the Commission at the session of 23 and 24 July 1962. It was arranged that the negotiations with the Turkish delegation would be resumed on 14 January 1963 on the basis of the expanded directive.

The Community and GATT

Tariff negotiations

2. At its session of 17 and 18 December 1962, the EEC Council concluded certain tariff agreements which it had not been possible to finalize before the end of the Tariff Conference ⁽¹⁾. These agreements are with Norway and Denmark under Article XXIV (6) and with Austria under Article XXVIII bis of the General Agreement ("Dillon" round).

The Council also decided to bind certain concessions offered during the re-negotiations with Brazil under Article XXIV (6). No agreement was concluded with this country, but it has maintained the concessions previously granted to the Member States.

Re-negotiations under Article XXVIII (4) of the General Agreement took place between the Commission delegation and Japan. Under the provisions of this Article a contracting party may in special circumstances enter into negotiations for modification or withdrawal of concessions provided that it gives proper compensation. As a result of these negotiations the Commission will shortly submit to the Council the draft for an agreement which the Council would then conclude.

3. On 13 December 1962 the leader of the Commission's delegation, M. Th. Hijzen, signed on behalf of the Community, the protocol incorporating the results of the 1960-1962 Tariff Conference. This protocol, which has been open for signature since 17 July 1962, consists in large part of the concessions granted by the Community to other contracting parties during the Conference. Under a Council decision, these concessions and those granted to Denmark, Norway and Brazil, are to take effect from 1 January 1963.

Other work of GATT

4. A delegation from the Commission, attended the meeting of the Working Party on procedures for tariff reduction, which met in Geneva from 12 to 14 December 1962.

⁽¹⁾ See Bulletin No. 1-63, Chap. IV, sec. 5 and 6.

Corrigendum to Bulletin 2-1963

Page 33, Chapter VII, 3rd paragraph, 3rd line :

For (tobacco, raisins, rosins, citrus fruits, aluminium, unwrought lead and zinc, knotted carpets, fresh grapes and cotton goods).

Read (tobacco, dried grapes, rosins) and other products such as citrus fruits, aluminium, unwrought lead and zinc, knotted carpets, **fresh grapes and cotton goods.**

At this meeting the Working Party began to examine the question of which problems and factors should be taken into consideration when new methods and procedures for reducing tariff obstacles to international trade were being fixed. The Working Party will discuss this matter again at the end of February.

Relations with international organizations

Economic Commission for Europe

5. The fourteenth session of the ECE Committee on agricultural problems in Geneva from 10 to 14 December 1962, was attended by delegates from 23 countries, including the EEC Member States; representatives from the Community were also present at the meetings. The Eastern European delegates took advantage of discussions on the item "Trade in agricultural products, present trend and outlook" to criticize the repercussions which they felt the common agricultural policy would have on the development of trade between the EEC Member States and the countries of Eastern Europe.

The Italian delegate replied to these criticisms on behalf of the Six. He pointed out that as sufficient data were not available for the period after the regulations had entered into force, it was too early to give a final verdict on how the common agricultural policy would affect trade. He also pointed out that anyone considering the statistics should bear in mind that the volume and development of trade in farm products during 1962 were considerably influenced by the unusual weather. Finally, the Italian delegate asked that if the Committee decided to make a study of this subject, it should also consider the other regional economic groupings and certain economic systems, including State trading, since these seemed liable to upset the conditions of competition in international trade.

Economic Commission for Africa

6. On the invitation of the Economic Commission for Africa (ECA), the EEC Commission was represented when the first session of the ECA Standing Committee on industry and natural resources was held in Addis Ababa from 12 to 21 December 1962.

The delegates, working on the basis of the documents available, held an initial discussion on the many aspects of industrialization. Further meetings of this kind are planned. The Secretariat and the UN Agencies concerned were instructed to obtain more information on mineral resources and the possibilities of using them for industrial development.

Basic products

International Wool Study Group

7. At the request of the United States, the International Wool Study Group met for its seventh session in London from 10 to 14 December 1962. Thirty-eight countries were represented and the EEC Commission sent observers.

The purpose of this Study Group, which is formed by the main countries producing wool and woollen textiles, is to study wool markets, price fluctuations and their effect on the output and consumption of wool products.

The Group submitted several conclusions and recommendations to the attention of the member governments and agreed that any commercial questions connected with woollen textiles were a matter of concern to the General Agreement on Tariffs and Trade. In dealing with procedural matters, the Group decided that in future the steering committee would contain representatives of all member governments wishing to participate. The EEC Commission is also entitled to sit on this Committee.

Associated countries' missions to the Community

8. On 6 December 1962, M. G. Caron, a Vice-President of the EEC Commission, informed the Prime Minister of Burundi that the competent EEC institutions had noted the appointment of M. Charles Baranyanka as the Representative of Burundi with the Community.

President Hallstein received M. Baranyanka on 17 December 1962.

Non-member countries' missions to the Community

9. Ambassador Guillermo Arguedas Perez, head of the Costa Rican mission to the EEC and Prince Vongsamahip Jayankura, head of the Thai mission to the EEC, presented their letters of credence to President Hallstein on 14 December 1962.

The institutions of the EEC have given their *agrément* to the appointment of Ambassador Carlos D'Ascoli as the new head of the Venezuelan mission to the Community.

Visits to the Commission

10. On 14 December 1962 the President of the EEC Commission, Professor Walter Hallstein, received His Excellency Abdirashid Ali Shermak, Prime Minister of Somalia.

They discussed Somalia's association with the European Economic Community, problems connected with the projects of the European Development Fund in Somalia and trade relations between Somalia and the Community.

ECONOMIC AND FINANCIAL AFFAIRS

Quarterly survey on the economic situation in the Community

11. In its quarterly survey on the economic situation in the Community, the Commission reviews the economic activities of the Community and of each member country in 1962, analyses the outlook for 1963, and examines the problems of economic policy involved.

The Commission points out that the Community's economy made further progress in 1962. The real gross product was probably up about 4.5 % on 1961, after a rise of 5.2 % between 1960 and 1961 and 7.1 % between 1959 and 1960. Industrial output in 1962 was about 6 % higher than in the previous year (1961 : + 6.6 %, 1960 : + 13.1 %).

The real gross product has thus increased by 27 % in the five years since the Rome Treaty came into force, i.e. between 1957 and 1962; industrial output alone rose no less than 40 %.

Nevertheless, there is no denying that a slight slowdown of economic growth has occurred. This was indeed to be expected in 1961 after the investment boom which decisively influenced economic development between the spring of 1959 and mid-1960 and led to a particularly high growth rate of the gross product in 1960. However, the slowdown continued in 1962, although it was not so marked.

Whereas in 1961 the fall in growth rates was chiefly attributable to material obstacles — labour was in very short supply in most member countries — the slower expansion of certain elements of demand was an increasingly determinant factor in 1962.

The weakness of demand was most noticeable in the case of exports. In fact, the Community's sales abroad hardly rose between 1961 and 1962. The economic upturn in the USA was not sufficiently vigorous to offset completely the inhibiting effects on world trade of previous recessions. Up to the spring of 1962, moreover, the United Kingdom was in the grip of a recession, while growth flagged in other important non-member industrial countries. Lastly, balance-of-payments considerations prevented the developing countries from increasing even further their imports from the Community.

The growth of internal demand was likewise somewhat slower; particularly, fixed investments by undertakings expanded at a declining rate. This was mainly an after-effect of the rather exaggerated boom in 1959, and 1960 which put a heavy strain on the labour market and triggered off cost increases that squeezed profit margins — the more so as weak external demand and stiffer foreign competition limited the possibility of marking up prices. In addition, it became more difficult to find outside finance for investments because of changes in payments balances and weaker stock markets. It is true that the "Common Market" factor continued to have positive effects, i.e. investments made with an eye to the Common Market increased, though on the whole the propensity to invest clearly declined.

Public investment expenditure and house-building certainly remained quite expansive, but their growth, real and nominal, was checked by the bad weather which considerably hampered building activity in general in the early months of 1962.

In view of the sluggish trend in most of the components of demand, private consumers' expenditure increasingly became the chief motor of growth. Wage incomes rose steeply in nearly all member countries, while the expansion of other incomes, although slower, continued to be substantial. The increase in private consumers' expenditure was therefore somewhat greater than in 1961. Meanwhile, as a result of the faster rise in prices, partly attributable to the effects on the supply of certain farm products of the bad weather in some member countries in the first half-year, the volume increase in consumption was somewhat smaller than in the previous year.

Intra-Community trade was again responsible for the main contribution to improved market equilibrium. By value it went up about 12 % between 1961

and 1962, following a rise of 15 % between 1960 and 1961. Compared with 1957 the Community's internal trade has grown about 85 %.

But imports from non-member countries also again rose considerably — by 9 % in value and volume between 1961 and 1962, bringing the cumulative increase since 1957 to 25 % by value and 48 % by volume. As imports rose faster than exports, the trade balance further deteriorated: it showed a deficit of 1 500 million dollars after being almost in balance in 1961.

Nevertheless, as already mentioned, it was still not possible to keep prices stable. Leaving aside abnormal developments in farm prices, the moderate but steady upward trend in prices of services and industrial products continued. This was, however, due less and less to *ex ante* imbalances between the expansion of supply and of demand but increasingly to the after-effects — in the form of rising costs — of the earlier sharp upswing of demand.

The Commission considers that the outlook for the Community in 1963 is on the whole propitious, even though a further slight slowdown in the expansion of demand is expected. Thus, only a limited rise in demand from non-member countries may be anticipated: the shifts in the relative cost situation inside and outside the Community are likely to exercise some influence in this connection. The main difficulty, however, is that the expansion of demand in important non-member industrial countries is relatively weak and that the amount of foreign exchange available to the developing countries has fallen. These factors particularly hamper the Community's capital goods exports, which are a comparatively weighty component of its total sales to non-member countries.

A further slackening of the growth of investment by enterprises is also to be expected, although in some member countries profits have taken a turn for the better. Given normal weather conditions, however, this slackening will be largely offset by a fairly sharp rise in total building investment over 1962: so that the growth of overall gross fixed investment might finally be only very little below that of 1962 (about 5 % in real terms).

Private consumption will again go up appreciably, though possibly at a rather slower pace than between 1961 and 1962.

Since the slight slowdown in the expansion of total demand will chiefly affect imports, the growth rate of the gross Community product may be about 4.5 % — practically the same as between 1961 and 1962: the rise in industrial output could be 5 %.

Prices might be more stable in 1963 thanks, among other things, to the slower rise of wage costs per unit of output expected in certain member countries. The rate of productivity has improved and pay increases should be a little smaller than in 1962.

Imports will certainly continue to rise in 1963, but owing in the main to the better 1962 harvests and rather slower growth of overall demand, the rise will be smaller than last year. Since exports are expected to grow only moderately the trade balance will again deteriorate. Nevertheless, the current account should continue to show a surplus, although this will again be smaller.

As already said, the prospects for expansion are, in absolute terms, favourable. A slight temporary slowdown in the growth of total demand is to be expected

after the boom of recent years and is even in some ways desirable: it promises a slight easing of labour markets, a better price climate, and a brake on rising costs.

Although further measures to stimulate expansion do not at present seem called for in the Community, the prospects outlined above nevertheless require that a particularly wary eye be kept on the development of demand in 1963. They are in fact based on the assumption that the Community does not have to contend with any strong recessive tendencies from outside and that no sharp decline — much less a fall in absolute figures — occurs in the expansion of investment by enterprises within the Community. If none the less signs of such developments should emerge, the authorities must be able and ready to act at the appropriate time in support of demand. The Commission has sent the member Governments recommendations whose implementation should further enhance the already intrinsically high state of readiness to parry any tendencies for economic activity to flag.

Economic Policy Committee

12. The Economic Policy Committee met on 17 and 18 December 1962 under the chairmanship of its Vice-Chairman, M. Pérouse. It adopted an opinion on wage policy in the Community countries requested by the Commission and reviewed the economic policy being followed by the Member States.

Second directive pursuant to Article 67 of the Treaty (capital movements)

13. On 17 December 1962 the Council approved a second directive pursuant to Article 67 of the Treaty ⁽¹⁾. This directive, submitted by the Commission after consultation of the Monetary Committee, amends and supplements the first directive issued on 11 May 1960 ⁽²⁾; it contains new provisions designed to widen the free transfer of capital in the Community.

These include withdrawal of the right to restrict under certain conditions the freedom of residents to buy and sell stocks and shares. The new directive provides for complete and unconditional liberalization of such transactions in all member countries from now on.

Secondly, arrangements for liberalizing capital belonging to emigrants have been supplemented so that there will be complete freedom for capital transactions connected with the movement of persons.

The new directive also contains special provisions to secure the liberalization of all financial transactions connected with the supply of services. Lastly, a number of subjects of lesser importance — such as the transfer of frozen accounts and the cession of authors' rights and of patents also come under new liberalization methods.

In the three months following publication of the directive in the official gazette of the European Communities the Member States must take steps to give effect to the new liberalization.

⁽¹⁾ See official gazette of the European Communities, No. 9, 22 January 1963.

⁽²⁾ *Ibid.*, No. 43, 12 July 1960.

Comparison of the budgets of the Member States

14. The Working Party for the comparative study of the budgets of the Member States met in Brussels on 17, 18 and 19 December 1962 to continue the examination of the draft report on the social accounts of the public authorities and the breakdown of expenditure by purposes. The experts finished studying the part dealing with the breakdown by purposes of public expenditure in 1957 and 1959.

It was also decided to take the recent trend of Government expenditure into consideration. The experts then began on the social accounts of the public authorities in 1957 and 1959 and the way the central Government account had developed from 1957 to 1962. The new meeting was arranged for 31 January and 1 February 1963.

Energy policy

Meeting of the Inter-Executive Working Party on Energy

15. The Inter-Executive Working Party on Energy met in Brussels on 7 and 20 December 1962 to discuss the draft report prepared by the Working Party on long-term energy prospects.

The report was finally adopted at the meeting on 20 December and sent to the six Governments.

This report is analysed in Chapter II of this Bulletin.

THE INTERNAL MARKET

Abolition of import quotas

16. Article 33 of the Treaty of Rome makes fairly elaborate provision for the establishment and gradual widening of import quotas for products still subject to quantitative restrictions. Moreover, it subjects the retention of global quotas to the rather stringent requirement that they must not be incompletely taken up during two successive years.

When the Commission formally decides that imports of a commodity have, during two successive years, fallen short of the global quota opened, such quota may not be taken into consideration for the purpose of calculating the total value of global quotas and the Member States must withdraw it. In that case, quantitative restrictions may be taken to be inapposite, and their retention would mean purely notional quota increases.

On the basis of the results for 1959 and 1960, the Commission has taken a set of decisions under Article 33 (4). It has refrained from doing so formally where the quantitative restrictions were removed in 1962 (under the speed-up decision of 12 May 1960) or where they have been, or will shortly be, withdrawn as a

result of the gradual introduction of a common organization of the agricultural markets.

These decisions therefore mainly concern farm products restricted by quota which were not subject to a national market organization and which will not in the immediate future come under common arrangements involving some other form of protection, such as levies. The net result is a sizeable cutback in the global quotas which were still in force, particularly those on imports into France.

True, for a number of products imports free of quantitative limitation were already authorized by unilateral government decisions, or governed by a system of minimum prices. The significance of the Commission's decisions — even in these cases — is that Member States may not in future re-establish quotas save by invoking a safeguard clause with prior authorization from the Commission.

Tariff quotas for 1963

17. On 18 December 1962 the Council granted, under Article 25 (1) of the Treaty, the following tariff quotas as proposed by the Commission :

No. in the common customs tariff	Description of product	Applicant Member State	Quota duties	
			1st half 1963	2nd half 1963
ex 28.13 F	Hydrobromic acid (gaseous)	N.: 15 m.t.	0 %	1.5 %
ex 30.01 A	Livers of bovines for organotherapeutic uses, dried, powdered	FRG : 60 m.t.	0 %	1.5 %
38.05	Tall oil, other than crude	N : 900 m.t.	0 %	0 %
		Italy : 280 m.t.	0 %	0 %
		(intended for the manufacture of synthetic rubber)		
ex 38.07 B I	Sulphate turpentine, crude, and crude dipentene	FRG : 10 000 m.t.	0 %	0.75 %
		N : 230 m.t.	0 %	0.75 %
ex 38.08 C	Polymerized and oxidized rosins	FRG : 6 500 m.t.	0 %	1.2 %
ex 38.08 C	Hydrogenated rosins	FRG : 1 500 m.t.	0 %	1.2 %
ex 38.08 C	Hydrogenated, polymerized or dimerized rosins	N : 1 750 m.t.	0 %	0.75 %
48.01 A	Newsprint	FRG : 360 000 m.t.	0 %	0 %
54.03 A I a	Certain qualities of unbleached flax yarn	FRG : 500 m.t.	3 %	3 %
73.05 A	Iron or steel powders	N : 750 m.t.	0 %	1.2 %
		B.L.E.U. : 1 020 m.t.	0 %	1.2 %
ex 73.05 A	Iron or steel powders, crude	FRG : 6 000 m.t.	3 %	3.75 %

and provisionally, for the first quarter of 1963 only :

No. in the common customs tariff	Description of product	Applicant Member State	Quota duties
38.07 A	Gum spirits of turpentine	FRG : 2 000 m.t. N : 350 m.t. B.L.E.U. : 300 m.t.	nil duty " " "
38.08 A	Rosins including the products known as "brais résineux »)	FRG : 6 900 m.t. B.L.E.U. : 534 m.t. N : 2 455 m.t.	" " " "

Note : The Council amended part of the proposals of the Commission, whose views on the matter were expounded in the Action Programme: tariff quotas should be granted at increasingly high rates of duty as the common customs tariff gradually came into being. By the end of the transition period there should not be any more national tariff quotas, but at most a Community tariff contract. The Council expressed no opinion on the substance of these proposals. However, by agreeing that for the second half of 1963 (i.e. after the second alignment on the common customs tariff) a number of tariff quotas will be immediately fixed at lower rates and no longer duty-free, it has at any rate gone some way to meet the Commission's views as regards their practical consequences.

18. On 20 December 1962, the Commission granted the following tariff quotas :
Under certain protocols to List G

ex 45.02	Natural cork in blocks, plates, sheets or strips	FRG : 200 m.t.	nil duty from 1/1/63 to 30/6/63
ex 45.02	Cubes or square slabs, for the manufacture of corks or stoppers	FRG : 12 m.t.	3 % duty from 1/1/63 to 30/6/63
45.02	Natural cork in blocks, plates, sheets or strips	B.L.E.U. : 20 m.t.	nil duty from 1/1/63 to 30/6/63
45.02	Natural cork in blocks, plates, sheets or strips	N : 15 m.t.	nil duty from 1/1/63 to 30/6/63
50.04	Silk yarn	FRG : 110 m.t.	nil duty from 1/1/63 to 30/6/63
50.05	Yarn spun from silk waste	FRG : 200 m.t.	nil duty from 1/1/63 to 30/6/63
76.01 B I	Aluminium waste	FRG : 20 000 m.t. N : 300 m.t.	nil duty from 1/1/63 to 30/6/63
77.01 A	Unwrought magnesium	FRG : 30 000 m.t. N : 160 m.t. B.L.E.U. : 360 m.t.	nil duty from 1/1/63 to 30/6/63

Under Article 25 (2)

No. in the common customs tariff	Description of product	Applicant Member State	Quota duties
29.16 A III a	Crude calcium tartrate	FRG : 2 200 m.t.	nil duty from 1/1/63 to 30/6/63
ex 29.44 D	Erythromycin	FRG : 0.72 m.t.	" "
ex 29.16 A VII a	Deoxycholic acid	N : 15 m.t.	" "

Note : The quota duties for the second half of 1963 will be published later at the same time as the formal decisions are transmitted to the Member States concerned.

The Commission has also decided to authorize or grant the following tariff quotas *under certain protocols* annexed to the Agreement on List G :

25.01 A I	Common salt intended for chemical manufactures	B.L.E.U. : 160 000 m.t.	nil duty
73.02 D	Ferro-silico-manganese	FRG : 36 500 m.t.	"
ex 73.02 E I	Ferro-chromium	Italy : 12 000 m.t.	"
73.02 A II	Ferro-manganese other than carburized	N : 200 m.t.	"
73.02 C	Ferro-silicon	N : 3 500 m.t.	"
73.02 D	Ferro-silico-manganese	N : 500 m.t.	"
73.02 E I b	Ferro-chromium	N : 160 m.t.	"
ex 73.02 G	Ferro-tungsten	N : 4 m.t.	"
ex 73.02 H	Ferro-molybdenum	N : 22 m.t.	"
ex 73.02 H	Ferro-vanadium	N : 7 m.t.	"
73.02 C	Ferro-silicon	B.L.E.U. : 17 500 m.t.	"
73.02 E I b	Ferro-chromium	B.L.E.U. : 2 260 m.t.	"
ex 73.02 H	Ferro-molybdenum	B.L.E.U. : 200 m.t.	"
73.02 A II	Ferro-manganese other than carburized	Lux. : 25 m.t.	"
ex 73.02 G	Ferro-tungsten	Lux. : 25 m.t.	"
ex 73.02 H	Ferro-vanadium	Lux. : 4 m.t.	"
73.02 D	Ferro-silico-manganese	Lux. : 56 m.t.	"
ex 76.01 A	Unwrought aluminium, excluding alloys	FRG : 80 000 m.t.	at 5 %

No. in the common customs tariff	Description of product	Applicant Member State	Quota duties
ex 44.03 A	Tropical timber in the rough other than obeche	<i>Italy</i> : 190 000 cubic metres	at 1.5 % from 1/1/63 to 30/6/63 and 3 % from 30/6/63 to 31/12/63

Lastly, the Commission has decided to grant the following agricultural tariff quotas under Article 25 (3) :

01.02 A II a	Certain mountain strains of heifers and cows	<i>FRG</i> : 14 000 head	at 6 %
ex 03.01 B I c	Piked dog-fish	<i>FRG</i> : 3 000 m.t.	at 3 %
ex 03.02 A I c 2	Coalfish, salted only	<i>FRG</i> : 900 m.t.	at 7 %
ex 03.01 B I b	Fresh tunny, chilled	<i>Italy</i> : 32 000 m.t.	nil duty
03.02 A I b	Cod, salted only	<i>Italy</i> : 44 000 m.t.	"
03.02 A II a	Fillets of cod, salted only	<i>Italy</i> : 2 000 m.t.	"
09.02 B	Tea	<i>B.L.E.U.</i> : 180 m.t.	at 658 Bfrs. per 100 kg.
09.02 B	Tea	<i>N</i> : 8 700 m.t.	at 47.64 Fl. per 100 kg.

Temporary suspension of certain common tariff duties

19. By a decision of 3 and 18 December 1962, pursuant to Article 28 of the Treaty, the Council has partially or wholly suspended until 31 December 1963, the common customs duties on a series of products ⁽¹⁾.

The main ground for doing so is that Community output of these products falls short of requirements.

Under the same Article, the Council has decided on the temporary suspension of the common customs tariff for 1963 in respect of certain slabs made up of several aluminium foils (ex. 76.16 C) ⁽¹⁾ and on certain amendments to the common customs tariff ⁽¹⁾ (duty exemptions, or modified rates).

Safeguard clauses

20. At the end of July the Commission had taken decisions on rejecting an application by the Benelux countries for a penicillin import quota and extending to 7 December 1962 the decision of 27 July 1961 permitting measures to be

⁽¹⁾ See official gazette of the European Communities, No. 136, 17 December 1962 and No. 141, 29 December 1962.

taken in Italy to safeguard sulphur, carbon disulphide, sodium sulphide and lead and zinc, including scrap and waste.

The Italian Government had forwarded to the Commission in October 1962 plans for re-organizing these sectors, and on 12 December 1962 the Commission therefore extended the validity of the safeguard measures to 7 December 1963 ⁽¹⁾.

- The Commission's staff is now studying a further Italian request for a derogation from the speed-up decision of 15 May 1962 in respect of certain products obtained from lead, zinc and silk. It is to be noted that the Commission has already authorized Italy to invoke the safeguard clause of Article 226 and in order not to comply with the speed-up measures in respect of other products obtained from lead, zinc or silk. The requests concerning these derived products alone cover about 20 items.

- In addition, a French request for safeguard measures in the case of domestic refrigerators and their parts and spares, has been referred to the Commission.

Countervailing charges

Extension and amendment of authorizations

21. Pursuant to the Council decision of 4 April 1962, founded on Article 235 of the Treaty and providing for countervailing charges on certain goods obtained from the processing of farm produce ⁽²⁾, the Commission took five decisions on 11 and 18 December 1962 extending and amending previous decisions :

- i) Decision of 15 March 1961 establishing a countervailing charge on imports of whole milk powder into the Federal Republic of Germany (extended pending the introduction of a levy system for whole milk powder) ⁽³⁾.

- ii) Decision of 10 October 1962 authorizing a countervailing charge on imports into the Federal Republic of Germany of bread from the Netherlands ⁽⁴⁾.

Rates

a) In trade with the Netherlands :

13.77 Fl per 100 kg. instead of 9.48 Fl per 100 kg. if charged by the Netherlands on exportation;

DM 17.12 per 100 kg. instead of DM 11.78 per 100 kg. if charged by the Federal Republic of Germany on importation.

b) In trade with non-member countries :

DM 17.12 per 100 kg.

- iii) Decision of 9 October 1962 ⁽⁴⁾ authorizing countervailing charges on imports into the Federal Republic of Germany of soft caramels, hard caramels and sugared almonds from certain member countries.

⁽¹⁾ See official gazette of the European Communities, No. 16, 30 January 1963.

⁽²⁾ See Bulletin No. 12-62, Chap. III.

⁽³⁾ See official gazette of the European Communities, No. 4, 14 January 1963.

⁽⁴⁾ *Ibid.*, No. 123, 26 November 1962.

Rates

a) In trade with Member States :

These countervailing charges will henceforth be fixed in terms of eleven grades of composition, varying, at each grade, according to whether the imports are from B.L.E.U., France or the Netherlands, and whether the charge is made by the Federal Republic or by the exporting Member State;

b) The charges for imports from non-member countries correspond to the highest rate charged on imports from Member States.

iv) Decision of 9 October 1962 ⁽¹⁾ authorizing countervailing charges on imports into France from the other Member States of confectionery not containing cocoa or liqueurs.

Rates

a) In trade with the Member States :

Fixed in terms of eleven grades of composition, the rates varying according to the exporting Member State, and to whether the charges are made by France or by the exporting Member State;

b) With regard to protection vis-à-vis non-member countries, the Commission has taken the view that the maintenance by France of tight quantitative restrictions on imports of such products from non-member countries affords sufficient protection to safeguard Community preference.

v) Decision of 9 October 1962 ⁽¹⁾ authorizing countervailing charges on imports into France from the other Member States of chocolate, confectionery and preparations containing cocoa or chocolate, but not containing liqueurs.

Rates

See iv) a) and b) above. It should be noted that the charges applicable to Member States have been fixed in terms of twenty-four different grades of composition. The four decisions will remain valid until 30 June 1963, subject to any subsequent alterations in the methods of calculating the countervailing charges authorized by them.

Application refused

22. On 18 December 1962, the Commission took a decision rejecting an application from Belgium and the Grand Duchy of Luxembourg for a countervailing charge on imports of macaroni, spaghetti and similar products from France and the Federal Republic of Germany.

An intra-Community customs duty of 7.5 % is at present levied on imports of these products into B.L.E.U. Since the entry into force of Council Regulation No. 19 (cereals), the respective levels of threshold prices justify the view that, having regard to the withdrawal or suspension of French and German aid to manufacturers and exporters of these products, there is no price disparity detrimental to the applicant Member States in respect of the primary agricultural

⁽¹⁾ See official gazette of the European Communities, No. 123, 26 November 1962.

commodity. Consequently, the application of the Council's decision under Article 235 of the Treaty is not warranted in this case.

23. More generally it may be observed that although the common agricultural policy provides for the gradual alignment of the national prices of unprocessed agricultural products entering into trade between the Member States, it does not thereby entail a parallel adjustment of the prices of the same products bought or sold in the form of manufactured goods not listed in Annex II of the Treaty. Clearly, however, such manufactures will necessarily be marketed on the basis of unified primary commodity prices when the transitional period is over. In the meantime, Member States are free in this trade to make use of subsidies, farm levies, customs refunds or exemptions in order to undercut national prices for the raw materials, e.g. by charging prices below the prevailing rates on world commodity markets. The effects of these distortions will become increasingly serious as intra-Community customs duties are eliminated.

Consequently, without prejudice to the application of the Council decision of 4 April 1962 which was taken under Article 235 of the Treaty and which provides for countervailing charges on imports of certain goods manufactured from agricultural products, harmonization of the different price systems applied in intra-Community trade to exports of such processed goods would seem desirable.

In addition, certain clauses of customs regulations now applied to processing traffic are no longer adapted to the new trade conditions since the introduction of measures to implement the common agricultural policy: adjustments to these regulations are also called for (1).

A Working Party of the appropriate Commission departments has been set up to study these interlocking problems. It will co-operate with the Member States' experts in an effort to find an overall solution.

COMPETITION

Rules applicable to firms

Application of Article 85 of the Treaty to certain exclusive agency agreements and patent licensing agreements

24. The Commission followed up its instructions (2) concerning the application of Article 85 of the Treaty of Rome to certain exclusive agency agreements and patent licensing agreements by adopting on 21 December 1962, in the light of many comments received from the business community and of an opinion from the Consultative Committee on Cartels and Monopolies (3), the following measures (4):

(1) See Bulletin No. 12-62, Chap. V, sec. 21.

(2) See official gazette of the European Communities, No. 113, 9 November 1962.

(3) Delivered at its meetings of 13 and 14 December 1962. This Committee of official representatives of the Member States was established by Article 10(3) of Council Regulation No. 17.

(4) Published in the official gazette of the European Communities, No. 139, 24 December 1962, pp. 2918-23.

a) *Exclusive agency agreements with independent dealers :*

In so far as they come under Article 85 (1) of the Treaty and do not fulfil the specific requirements of Article 4 (2) of Regulation No. 17, all exclusive agency agreements concluded between a producer and independent dealers trading on their own account are still subject to notification if it is desired to claim benefit of Article 85 (3) of the Treaty. If they were concluded before 13 March 1962, when Council Regulation No. 17 came into force, these agreements must be notified before 1 February 1963.

In response to requests, the Commission has simplified the formalities required. Regulation No. 153 of 21 December 1962, supplementing and amending Regulation No. 27 of 3 May 1962 ⁽¹⁾, provides that under certain stated conditions the agreement can be notified on a single copy of a simplified standard form giving only the name and address of the grantor, the nature of the products in question, the names and addresses of the various concessionaries and the date on which the corresponding contracts were concluded.

Where a firm habitually uses a standard form of contract, it need only give the name and address of a single concessionary, the date on which the contract with him was concluded and the number of standard contracts already signed. This procedure constitutes valid notification of all the contracts.

A printed form does not have to be used. An exact copy of the text annexed to Regulation No. 153 is all that is required for notification.

This simplified procedure applies solely to exclusive agency agreements to which there are only two parties (the grantor and his concessionary) in each case, and which do not :

- a) Establish a reciprocal exclusive concession for the distribution of competitive products manufactured by either party;
- b) Have the effect of limiting opportunities :
 - i) For intermediaries or users to obtain the products in question from another concessionary or from any other intermediary established in the Common Market;
 - ii) For the concessionary to sell also to customers established outside the area covered by the contract;
- c) Involve an obligation for the concessionary to observe a minimum resale price fixed by the grantor.

Any exclusive agency agreements which fail to comply with all these conditions, and particularly those which prohibit exporting or importing, are still required to be notified on Form B (seven copies).

b) *Exclusive agency agreements with commercial representatives and patent licensing agreements :*

Without prejudice to its interpretation in other cases of Article 85 of the Treaty of Rome, the Commission has published two sets of instructions which are tantamount to blanket negative clearance. In them it states the conditions under

⁽¹⁾ Published in the official gazette of the European Communities, No. 35, 10 May 1962, p. 1118.

which, in its view, exclusive agency agreements with commercial representatives (agents), and certain clauses usually included in patent licensing agreements, escape the ban in Article 85 (1) and are therefore not notifiable.

The instruction regarding patent licensing agreements also refers to the clauses quoted in the first declaration of intention of 9 December 1962: these were originally to be given collective exemption under Article 85 (3) of the Treaty.

All licensing contracts caught by Article 85 (1) of the Treaty and not fulfilling the conditions of Articles 4 (2) or 5 (2) of Council Regulation No. 17 must still be notified on Form B (seven copies) if it is desired to claim benefit of Article 85 (3) in respect of them.

Third conference of government experts on dumping

25. The Member States' experts on dumping met on 30 November 1962 to compare and examine the procedural points which had arisen over the past two years when requests for the application of Article 91 (1) of the Treaty of Rome were being considered.

The experts heard a statement from the Commission on the ten new complaints — including eight concerning chemical products — filed since the second conference on 11 October 1960 ⁽¹⁾. On these complaints, six were filed by governments, two by trade associations and two by private firms.

In all, 9 of the 20 cases examined so far have originated in an application by a Member State. Of the twenty complaints considered so far by the Commission under Article 91 (1) of the Treaty of Rome:

- a) Eight have been rejected as unfounded, since the existence of an illegal dumping practice could not be proved,
- b) Six lapsed because the firms in question terminated the dumping practice before the enquiry was completed,
- c) Two were withdrawn by the plaintiffs,
- d) Two, involving seven firms, resulted in the dispatch of a recommendation to two of the firms cited, and
- e) Two are still under investigation.

A total of 44 EEC firms have been accused of dumping practices. Of the 39 cited in the investigations now completed it would seem that at least 15 were at some time actually engaged in practices of this kind.

The average length of proceedings over the last two years has been about six months. This fairly long period is due in most cases to the reticence of the plaintiffs, who have often been reluctant to give further particulars and to substantiate their charges by irrefutable evidence.

It is thought that there will be few cases in which, between now and the expiry of the transitional period, the Commission will have had to apply the provisions of Article 91 (1) in their entirety: it is found that to an increasing extent firms cited which have actually been engaging in dumping prefer to terminate the practice before being called on to do so officially in a recommendation from

(1) See Bulletin No. 3-61, p. 38.

the Commission. This is enough to satisfy the plaintiffs, who seldom insist on further proceedings.

In some of the first cases examined, the Commission's intervention seems to have been called for by members of a cartel in order to bring pressure on dissident members. Cases of this type have virtually disappeared now. Several complaints regarding dumping practices by Community firms related to products for which there was at the same time substantial competition — sometimes also in the form of dumping — from non-member countries. Moreover, Member States have in some cases taken protective measures against imports from outside the Community, with excellent effects on intra-Community trade relations.

A source of considerable satisfaction is the high level of co-operation between the national authorities and the Commission's staff in the investigation of requests for the application of Article 91 (1) of the Treaty. Possible ways have been discussed of improving co-operation still further.

At the end of the meeting there was an exchange of information on the progress made in harmonizing national anti-dumping legislation.

Approximation of legislation

Public contracts

26. The Working Party for the approximation of legislation on public contracts held its eleventh session in Brussels on 6 and 7 December 1962.

It made additions to and finalized the limitative list of cases in which the appropriate authorities may award contracts without applying the common rules (by mutual agreement).

A restricted and simplified form of procedure, ensuring compliance with all the rules of the directive, was laid down for emergency cases.

Lastly, the question of eliminating discriminatory clauses from technical specifications under special "article and conditions" was settled, and the articles prohibiting such discriminatory measures were adopted by the Working Party.

State aids

Economic development aid

27. On 19, 20 and 21 December 1962 the government experts continued their review of general aids to economic development. Prior legal points were raised, and on these the Commission will give its opinion later. Preliminary conclusions were drawn from the legislative and statistical documentation supplied to the Commission by the Member States, notably with regard to the operation of systems for aid in promoting economic growth and in regional development.

28. At the same time, pursuant to Article 93 (3) of the Treaty, the Commission presented its comments on a draft law to alter the system of aid for the Mezzogiorno and on a Belgian draft decree extending the law of 17 July 1959 on economic development aid to distributive undertakings.

Export aids

29. Following representations by the Commission, the Italian Government has decided to apply the same abatement to the flat-rate drawback on exported man-made textile fibres as on mechanical engineering products. The present rate is 45 %.

Shipbuilding aids

30. The Commission has advised the French Government that it considers satisfactory the reduction (of about 45 %) made so far in shipbuilding subsidies. However, it has announced that it cannot accept the time-limit proposed by the French Government for the final removal of subsidies: 1972. Discussions continue.

31. With regard to credit facilities granted at the beginning of 1962 by the German Government to shipping exports, the Commission has ruled that the Federal Government did not comply with the formalities for notification of aid projects as required by the Treaty of Rome. The Commission has, however, decided to halt the examination procedure, since the measures in question were solely intended to get operations under way, and did not affect trade between the Member States.

32. By reference to its half-yearly reports on the shipbuilding situation, the Italian Government has informed the Commission that through the application of a "conjunctural factor" under the aid machinery, the present rate of subsidy has been reduced by 25 %.

Miscellaneous activities

33. The Commission has instituted a formal examination of the system of postal rates applied in France, which has the effect of favouring French printers; it has called on the Member States to submit their comments.

34. The French Government has informed the Commission of a proposal to alter its system of aid to the film industry. This has already been the subject of an exchange of views with government experts of Member States; the examination continues.

35. The system of State aids to the textile industry were examined with the Member States' government experts in November 1962. It was ascertained that there are at present no direct aid measures to the textile industry in the member countries. Certain indirect aid measures — concerning taxation, agriculture and research — are under examination.

SOCIAL AFFAIRS

European Conference on Social Security

36. A European Conference on Social Security, organized jointly by the Executives of the European Communities, was held in Brussels from 10 to 15 December 1962.

The Conference was consultative in nature, its object being a confrontation of the views of circles interested in the harmonization of social security, so offering the Executives guidance for action in this field.

The Conference brought together experts from employers' and workers' organizations and, as observers, experts from the Governments of the Member States.

The Conference was also attended by representatives of social security institutions and observers from international and European organizations representing various circles concerned (the medical profession, pharmacists, family organizations, mutual and private insurance schemes, etc.) and by delegates from the European Parliament and the Economic and Social Committee.

In his opening speech, M. Hallstein, President of the Commission, stressed the social and economic importance of social security problems seen from the European angle; M. Finet, a member of the ECSC High Authority, underlined the importance of special arrangements for miners, and a speaker representing M. Medi, a Vice-President of the Euratom Commission, spoke of the interest Euratom took in the questions which were to be studied. M. Leburton, Belgian Minister of National Insurance, conveyed his Government's good wishes for the success of the Conference.

After the opening speeches, M. Levi Sandri, a member of the Commission and President of the Social Affairs Group, and M. Schaus, a member of the Commission and President of the Transport Group, read introductory papers. M. Levi Sandri discussed the harmonization of social security problems as part of the Community's social policy, and M. Schaus stressed the importance of harmonizing social security in transport.

Three papers were then presented on trends in world social security, on population trends and social security, and on occupational hazards of exposure to ionizing radiation.

Discussions were held in the Committees and working parties on the basis of reports covering the three general themes of the Conference :

- a) broadening the field of application of social security;
- b) finance;
- c) benefits and scope for their harmonization.

Problems peculiar to mining, transport and agriculture were also examined by special working parties.

At the outset, differences of opinion were fairly wide. The workers' representatives laid stress on levelling social benefits upwards. They agreed that "harmonization" did not mean actual unification of the various social systems, but it did mean something more than mere co-ordination. The employers took the view that the social security system of each country must be appraised in its national context, with due regard to the various factors determining the workers' social situation : level of wages, taxation, "fringe benefits", etc.

Differing viewpoints were brought closer together by considering "harmonization" as an attempt to establish equivalence in protection against contingencies.

The Conference singled out certain aspects of social security in which harmonization is feasible in the short term and will facilitate the working of Regulations Nos. 3 and 4 (Social Security of Migrant Workers). It gave many social security experts from each country an opportunity of gaining insight into the systems in force in the other Community countries, thanks to the abundant documentary material assembled by the Commission.

Lastly, it showed that there is common ground between the most extreme standpoints when problems are examined objectively. Proof of this came in the form of a "joint declaration" from the employers' and workers' delegates calling on the Commission to provide further opportunities for contact and joint study.

The Governments which were represented only by observers will have noted that a spirit which is at once dynamic and realistic informs those responsible for social progress in the Community countries.

The work done will furnish guidance for action in the field of social security which the EEC Commission is to undertake under the Treaty in association with the six Governments.

Application of Article 119 (equal pay)

37. On 19 December 1962, the Commission submitted to the Council a report on the progress made, at 30 June 1962, in the application of Article 119.

In this report, the Commission calls the attention of the Council and of the Member States to the failure or delay on the part of some Member States in complying with the time-table and implementing rules adopted by resolution of the Member States' Conference on 30 December 1961 ⁽¹⁾.

It will be recalled that 30 June 1962 was the first of the time-limits fixed in the resolution: it stipulated that any disparity between men's and women's pay for the same work exceeding 15 % should be reduced to that percentage, that women workers should be able to vindicate their right to equal pay before the courts, and that all discrimination, overt or concealed, leading to differential treatment for men and women workers be eliminated. It was therefore incumbent upon the Commission to institute an enquiry into the progress made, by reference to the time-limits fixed by the resolution, in the implementation of the equal pay principle.

The August 1962 Bulletin contains a note on the steps the Commission has taken with the help of the special Working Party on Article 119. A questionnaire has been drawn up in order to gather and collate the information the Governments of the Member States are to submit regularly so that the Commission may build up a complete picture of the situation as it develops.

On the basis of the first replies received from the Governments and the workers' and employers' organizations in the six countries, the Commission drafted a report which it submitted to the Council.

⁽¹⁾ See Bulletin No. 1-62, Chap. I.

This report presents an assessment of the extent to which the Member States have fulfilled their commitments. The Commission notes that in all Community countries progress — in some cases remarkable progress — has been made, and this has been reflected in higher wages for women. There have however been cases in which commitments have not been fulfilled.

In Belgium, it would seem that women workers are entitled to vindicate their rights in Court only when equal pay is guaranteed by contract. Equality is therefore far from being achieved. The Commission notes, however, with satisfaction that substantial progress in narrowing down disparities has been made in a large number of collective agreements, often scaling them down to the limits specified by the resolution. The Commission however regrets that in certain sectors a system of job classification has been adopted which leaves out all reference to the sex of the worker, and lays down, for certain jobs in which in practice only women are employed, wages distinctly lower than those laid down for other categories. In such a system there is a latent danger of increasingly frequent recourse to systematic down-grading of women workers, one of the very devices the resolution condemns.

In Federal Germany, certain collective agreements, both old and new, are clinging to a system tending to classify women in the lowest grades of the job pyramid, despite the fact the Courts have been unanimous in ruling that pay disparities victimizing women are incompatible with the Constitution. Although the fact that light and heavy work are classified in separate job categories does not necessarily mean that women are being discriminated against, this is in practice an arrangement which facilitates discrimination. The employers' organizations have not displayed any readiness to put an end to this situation, which is not in conformity with the unanimous decision on the uniform and harmonious application of equal pay arrangements in the six countries.

In France, although no new legal measure has been introduced to secure the legal protection of all women workers, the equal pay principle is correctly applied almost universally for wages above the guaranteed minimum wage (SMIG), both in collective agreements of general application and in those binding only the signatories. However, for categories of workers whose wages have been fixed at a level higher than in the agreements, or completely outside them, measures will have to be taken to guarantee for women workers that the principle will be respected.

In Italy, satisfactory progress has been made. Nevertheless the adoption of new systems of classifying labour in certain sectors of industry involves a certain danger: in the far-reaching changes now under way women might find themselves denied the desired benefits, since they might be placed in categories reserved solely for them and in which wages would be lower. The Commission views these systems with some misgiving, since what they mean is that the equal pay problem is solved on the surface only and the actual situation is left unchanged or virtually unchanged.

In Luxembourg, the responsible Government departments are now examining many plans to equalize pay, but until the proposed laws and regulations have come into force the situation will remain much as it is. The arrangements would seem, however, to go a long way towards solving the problems involved in applying the equal pay principle.

In the Netherlands, a considerable effort has been made under a number of collective agreements to improve the situation of women workers, but practical action by the Government to ensure equal pay for women workers has been on a limited scale. The Government's arrangements to narrow the wage gap to 15 % when collective agreements are renewed — and then only for jobs open to both men and women workers — solve only part of the problems involved in introducing equal pay. Moreover, a Government directive still in force prohibiting any change in wages fixed under collective agreements before the agreements expire makes it difficult to apply the equal pay principle within the time-table fixed by the resolution.

Activity of the European Social Fund in 1962

38. In December the Commission took its last decisions of 1962 on refunds from the European Social Fund. This was the first year in which the Fund made appropriations in respect of expenditure on re-training and resettlement schemes. The countries concerned were Germany, Belgium, France, Italy and the Netherlands; Luxembourg is the only country to have made no application for refund.

By 31 December 1962 the Commission will have authorized refunds totalling 12 291 798 units of account, allocated to the five applicant countries as follows :

Germany	1 999 912	u.a.
Belgium	461 421	u.a.
France	4 624 641	u.a.
Italy	3 733 198	u.a.
Netherlands	1 472 626	u.a.
	<u>12 291 798</u>	u.a.

These are refunds of expenditure on operations in 1958 and 1959, thanks to which about 183 000 unemployed and redundant workers found new jobs.

Labour problems

Vocational guidance and placing

39. Experts from the government departments concerned were convened by the Commission in Brussels on 17 December 1962 to examine the problem of co-operation between the Member States' public services in the field of vocational guidance and the placing of workers. Representatives from OECD and the ILO attended the meeting.

The experts approved a first programme of joint activities providing, among other things, for an exchange of information and experience and for close inter-governmental co-operation in the training and further training of workers. Improvements in the organization and operation of guidance services are also proposed.

Wages surveys

40. At its session of 3 and 4 December 1962 the Council adopted a regulation on the organization of three wages surveys in the manufacturing industries of the Community ⁽¹⁾.

⁽¹⁾ See official gazette of the European Communities, No. 133, 13 December 1962.

The three surveys will be carried out by the Commission in 1963, 1964 and 1965, in each case on the basis of statistical data for the previous year. Various economic sectors will be covered and the survey will take in establishments employing on average not less than 50 workers (20 in Luxembourg). They will inquire into wage costs and additional costs, including social security contributions. The information will be collected by the statistical services of the country concerned and then passed on to the Commission.

It will be recalled that on 28 July 1962 the Commission had submitted to the Council a proposed general regulation under Article 213 of the Treaty, determining the conditions under which the Commission should repeat every three years the surveys made in 1960, 1961 and 1962 under Regulations Nos. 10, 14 and 28 respectively. This proposal was rejected by the Council.

Social service

41. The scholarships which the Commission had offered ⁽¹⁾ to enable welfare officers to undergo two months' training in an EEC country other than their own have now been awarded.

The fifteen scholarship holders, who come from all of the six countries, are now on training courses, in France, Italy and the Federal Republic of Germany, with social services dealing with migrant workers in the Community.

Before beginning their courses, the trainees were assembled in Brussels at EEC headquarters to follow a programme specially organized for them dealing with the main aspects of the EEC's social policy.

The award of these scholarships constitutes a first measure giving practical expression to the offer made by the Commission, when the recommendation on social services for migrant workers was adopted, to co-operate with governments in this field ⁽¹⁾.

AGRICULTURE

Common agricultural policy

Further common organizations of markets

42. The Council ⁽²⁾, the Special Committee for Agriculture ⁽³⁾ and the groups of experts continued studying the Commission's proposals for setting up and developing common organizations in the markets for rice, milk and dairy products and beef and veal.

⁽¹⁾ See official gazette of the European Communities, No. 68, 31 July 1962.

⁽²⁾ On 3, 4 and 13 December 1962.

⁽³⁾ On 10 and 11 December 1962.

Some measure of agreement was reached at these meetings but the member countries are still at odds on some fundamental points.

i) In the case of *rice*, the consumer countries in the northern part of the Community favour a market system different from that proposed by the Commission (backed in this instance by the EEC producer countries: France and Italy) on the analogy of the one adopted for cereals.

The experts were instructed to investigate statistically the effects of the market organizations on producers, consumers and processors.

ii) The member countries also failed to reach agreement on the common organization of the *dairy produce* markets. Some would like the establishment of a common organization to be accompanied by a decision on the principle of a common policy for the fats markets, which would involve support for the butter market. Other member countries are against any such support.

iii) However, on the common organization of the *beef and veal* market considerable progress was made. Substantive agreements were reached on the future guide price and on market intervention by the authorities.

Setting up the common organizations

43. In December work proceeded without a hitch on the Community's market organizations and the adjustments necessitated by changing economic conditions.

On a favourable opinion by the *Cereals Management Committee* the Commission issued three regulations ⁽¹⁾ concerning the granting of additional refunds on exported cereals, the extension of certain transitional provisions concerning exports of wheaten flour and a conversion ratio for wheat other than durum for the purpose of calculating the refund to the producer.

In order to avoid holding up trade between the African and Malagasy associated States and the members of the Community, flour and starch of manioc and other roots and tubers which are an important source of animal feed to Community farmers, the Council decided ⁽²⁾ that the levy system for imports of such commodities will remain suspended until 15 February 1963.

In accordance with Council Regulations Nos. 20, 21 and 22 the levies and sluice-gate prices for *pigs* and *pigmeat* and *eggs* and *poultry* must be fixed every quarter. Since the second phase to which these arrangements applied ended on 31 December 1962, the Council and the Commission had to re-adjust them and fix new rates for the period 1 January to 31 March 1963 ⁽³⁾.

⁽¹⁾ Commission Regulations Nos. 163, 164 and 165; No. 140 of the official gazette, 28 December 1962.

⁽²⁾ Council Regulation No. 156 of 18 December 1962; No. 140 of the official gazette, 28 December 1962.

⁽³⁾ Council Regulations Nos. 154 and 155 and Commission Regulations Nos. 157, 158, 159, 160, 161 and 162; No. 140 of the official gazette, 28 December 1962.

Production conditions in Community agriculture

44. For some time now the Commission's staff, in co-operation with Member Governments and scientific institutes, have been trying to ascertain and correlate the information available in the member countries on economic and social conditions in agriculture. Correlation may take the form of using the same enquiry methods, standardizing terminology or jointly preparing and carrying out statistical surveys.

The analysis, both macroeconomic and microeconomic, of production conditions now being carried out with the help of experts is proving very useful in this respect.

a) *Macroeconomic analysis*: a report shortly to be placed before the group of experts on national accounts is to serve as a basis for establishing a framework of agricultural accounting that will ensure a co-ordinated presentation of the data from each Member State. A start has also been made on two studies, one on the place of agriculture in the economy and the other on productivity in farming.

b) *Microeconomic analysis*: preliminary work has been going on for several months to establish an information network concerning production conditions and farm incomes in the EEC.

On the basis of this work (farm records, terminology and definitions, sampling or farming models), the Commission's staff is now preparing a scheme to get the first elements of the network installed in 1963.

The productivity of family holdings is the subject of a parallel study based mainly on the operational results of several thousand farms in different parts of the EEC.

Several special studies have also been published ⁽¹⁾:

1. Study of fertilizer consumption in the EEC (No. 8 in the agriculture series) analyzing regional variations in fertilizer consumption.
2. Study of the cost of providing insurance against certain agricultural hazards.

Approximation of legislation

Food legislation

45. The Commission and Government experts are still examining draft directives for Community regulations on tinned peas, cocoa and chocolate. The draft directive concerning Community regulations on authorized substances used in the preservation of foodstuffs, and the preliminary draft for Community regulations on preservatives and products for coating fruit and vegetables are also in the process of study.

Veterinary law

46. On 27 December 1962 the Commission submitted a draft directive to the Council on health controls in intra-Community trade in bovines and pigs. The Council decided to seek the opinion of the European Parliament and the Economic and Social Committee on this subject and instructed its agricultural and veterinary experts to examine the proposal.

⁽¹⁾ These can be obtained from the sales office.

TRANSPORT

International passenger transport by road

47. On 21 December 1962 the Commission organized a first meeting of Government experts to study its proposal for the adoption of common definitions for international passenger transport by road.

These definitions are necessary for the implementation of the liberalization measures proposed in the Action Programme in connection with the common transport policy.

Implementation of Treaty Articles 79 (abolition of discrimination) and 80 (support)

48. Commission experts met German Government experts in Brussels on 11 December 1962. They examined a number of German internal tariffs for road and rail transport and made a start on studying harbour dues.

Transport costs

49. The sub-Committee studying the effects on transport costs of intervention by public authorities, particularly in the fiscal and social fields, held its fifth meeting from 18 to 21 December 1962.

It decided on which routes should be studied and what method of calculating cost prices should be applied in the sector of international goods transport by road.

The sub-Committee decided to prepare pilot studies for the different delegations to carry out. The final calculations for transport on the selected routes will be based on their findings.

Inter-executive meeting on transport

50. Representatives of the EEC Commission and the ECSC High Authority held an inter-executive meeting on transport on 14 December 1962. They considered the consequences of the implementation of the High Authority's recommendation No. 1/61 (concerning publication of rates and conditions for the carriage of ECSC products).

OVERSEAS DEVELOPMENT

Renewal of the Association Convention

51. An account is given in Chapter I of this Bulletin of the conclusion on 18 December 1962 of negotiations between the EEC and the associated African and Malagasy States for the renewal of the Association Convention.

Derogations in respect of manioc and other roots and tubers

52. On a proposal by the Commission, the Council adopted at its meeting on 17 and 18 December 1962 a regulation providing for derogations in respect of flour and starch of manioc and other roots and tubers originating in the associated African States and Madagascar ⁽¹⁾.

Under this regulation, the measures waiving the application to these products of Council Regulation No. 19 for the establishment of a common organization of the cereals markets are extended until 15 February 1963. It should be noted that the Commission had proposed an extension to 30 June 1963.

Mission to Madagascar

53. At the request of the Malagasy Government the Commission sent a research and co-operation mission to Madagascar from 24 November to 14 December 1962. It consisted of two experts from the Overseas Development Directorate General with instructions to study the possibilities for organizing an educational system.

The experts were able to determine on the spot the points at which action by the Community would be desirable: the investments to which priority should be given for the harmonious development of the Malagasy school system and the specific enquiries that should be made before decisions could be reached on whether to finance the projects submitted by the Malagasy Government.

Scholarships, training courses and seminars for nationals of associated overseas States

54. In December the Commission organized two short training courses:

- a) one in Brussels on 19 and 20 December for twelve African students from the University of Aix-en-Provence and twenty Congolese trainees holding Belgian State scholarships;
- b) one in Munich from 27 to 30 December for thirty students from the Paris Institut des Hautes Etudes d'Outre-Mer.

European Development Fund

ECONOMIC PROJECTS

55. In December the Council, acting on proposals by the Commission, approved the financing by the European Development Fund of five economic projects:

In the Republics of Congo (Brazzaville) and Gabon:

Establishment of a telecommunication network by long-distance radio beam with a mainline link-up of four sections: Brazzaville - Dolisie (285 km.) - Mouila

(1) See official gazette of the European Communities, No. 140, 28 December 1962.

(315 km.) - Lambarene (160 km.) - Libreville (155 km.) and a side line from Dolisie serving Moanda (300 km.). The project also includes the complete equipment for the six transmitting stations.

The provisional estimate for the cost of the scheme is 3 160 000 units of account.

In the Central African Republic :

Asphalting a 65-km. road section between Bangui and Damara. This section is common to the major trunk roads linking Bangui and its harbour with the northern, north-eastern and eastern parts of the country and with Chad (Fort-Archambault district). It is one of the most important road-links in the Central African Republic and carries about 52 000 tons of traffic a year.

The cost is estimated at 1 264 000 units of account.

In the Republic of Rwanda :

Pilot scheme for developing one of the fifteen land settlement districts marked out in the Bugesera and the Valley of the Nyawarongo. The scheme will enable 547 families to move to the area and will serve to test conditions for the 14 000 families who will live in Bugesera and the Valley of the Nyawarongo when the development is completed.

The cost is estimated at 280 000 units of account.

In French Guiana :

Completion of the coast road between Cayenne and St. Laurent du Maroni by improving the section from Iracoubo to Saut-Sabbat and construction of a 42-km. road from Saut-Sabbat to a point 7 km. from St. Laurent.

The provisional estimate is 2 005 000 units of account.

In the territory of the Comoro Islands :

Extension of the pier of Mutsamudu harbour on the island of Anjuan. The project will help to cope with the expected growth of the port's shipping traffic.

The estimated cost is 567 000 units of account.

SOCIAL PROJECTS

56. Also in December the Commission approved the financing of seven social projects :

In the Republic of Upper Volta :

Extensions to the water supply for the capital, Ouagadougou. When this scheme is completed, it should cover normal requirements for several years, allowing for the probable growth of the population.

The provisional commitment is 1 754 000 units of account.

In the Republic of Dahomey (three projects):

The building and equipment of:

- a) a co-educational lycée at Parakou for 600 pupils, including 300 boarders;
- b) a secondary school at Abomey for 250 girls, including 160 boarders;
- c) 20 three-class primary schools and 20 teachers' quarters.

This operation is the first instalment of a long-term programme of educational development in Dahomey.

The outlay is estimated at 2 471 000 units of account.

In the Republic of Togo (three projects):

Improved water supply for Lomé. The adaptation of the water supply system to current requirements is essential to the harmonious development of the capital of Togo. The scheme will increase the supply of drinking water from 2 000 to 5 000 m³ per day in 1964-1965.

The cost is estimated at 677 000 units of account.

Emergency aid

The provision of earth-moving equipment to make good the damage caused in various regions of Togo and particularly in Lomé by cloud-burst during the 1962 rainy season.

This emergency aid will cost 61 000 units of account.

In the Central African Republic:

Topographical and geological surveys with a view to subsequent improvements to the Bangui-M'Baiki road (102 km.).

The cost of these surveys is estimated at 105 000 units of account.

SIGNATURE OF FINANCING AGREEMENTS:

57. The following financing agreements were signed in December:

- a) With the Republic of Mali for a social project to cost 1 944 000 units of account;
- b) With the Republic of Gabon for an economic project to cost 2 528 000 units of account;
- c) With the Republic of Togo for an economic project to cost 968 000 units of account;
- d) With the Republic of Madagascar for three economic projects to cost 8 872 000 units of account;
- e) With the Islamic Republic of Mauritania for two economic projects to cost 2 556 000 units of account;

OPERATIONS OF THE EUROPEAN DEVELOPMENT FUND

Financing approved at 31 December 1962

(in thousand units of account)

Countries or territories	Number of projects	Total amount
Congo (Leopoldville)	8	5 482
Rwanda	10	4 844
Burundi	8	2 513
Total	26	12 839
Cameroun	23	42 615
Central African Republic	18	12 117
Comoro Islands	6	2 636
Congo (Brazzaville)	13	14 637
Ivory Coast	16	28 287
French Somaliland	2	1 255
Dahomey	15	12 987
Gabon	13	12 866
Guadeloupe	3	4 211
Guiana	1	2 005
Upper Volta	10	24 793
Madagascar	35	48 503
Mali	22	30 242
Mauritania	9	12 336
Niger	5	24 630
New Caledonia	5	1 560
Polynesia	1	2 474
Senegal	19	34 606
Chad	15	23 360
Togo	17	13 408
Réunion	4	5 328
Martinique	2	4 567
Algeria (incl. Sahara)	9	20 427
Group of States	2	5 132
St. Pierre et Miquelon	1	3 545
Total	266	388 527
Somalia	4	4 760
New Guinea	8	13 334
Grand total	304	419 460

- f) With the Republic of Ivory Coast for an economic project to cost 2 431 000 units of account;
- g) With the Republic of Cameroun for one social project and two economic projects to cost 8 592 000 units of account;
- h) With the Republic of Mali for one social project and two economic projects to cost 13 206 000 units of account;
- i) With the Republic of Upper Volta for a social project to cost 1 754 000 units of account;
- j) With the Republic of Niger for an economic project to cost 11 578 000 units of account.

ADMINISTRATIVE AFFAIRS

Budget matters

Budget for the financial year 1963

58. At its session on 17, 18 and 19 December 1962 the Council adopted the EEC draft budget for the financial year 1963 without amendment, subject to the approval of the ECSC Committee of Presidents for the section concerning the joint institutions and the Councils.

The Community's budget is for a total of 52 019 197 units of account.

Draft supplementary budget for the financial year 1962

59. The Council also drew up a draft supplementary budget. The Commission had introduced a preliminary draft as a result of the entry into force of the new salary scale for members of the Court of Justice and of the Commission, the Regulation fixing the statute of service for officials and the rules applicable to other employees and the Regulation establishing the procedure for the application of the tax on emoluments.

Extension of the period for implementing the 1962 budget

60. At this December session the Council adopted the Commission's proposal to extend the period for implementing the 1962 budget until 31 March 1963.

Staff movements

61. M. V. Fizzarotti, head of the Common External Tariff Division in the Customs Directorate (Internal Market Directorate General) has been appointed Director of the Movement of Goods Directorate in the Directorate General.

M. G. De Muyneck, Director General for Social Affairs, has retired after serving on the Commission since 1958.

M. Levi Sandri, member of the Commission and President of the Social Affairs Group, delivered a speech on this occasion paying tribute to M. De Muynck's sterling qualities. He had taken over the the Directorate General for Social Affairs at a most difficult time, when the procedure for implementing the Treaty of Rome was being prepared, and his experience and organizing ability had proved invaluable.

M. E. Gambelli, Director of the Trade Directorate in the Overseas Development Directorate General has resigned. He left the Commission on 31 December 1962.

M. C. Valdambri, head of the Livestock Produce and Processed Goods Division in the Agricultural Markets Directorate, Directorate General for Agriculture has resigned. He left the Commission on 31 December 1962.

M. R. Steyemaerts, head of the Special Group for Agricultural Statistics in the Statistical Office of the European Communities has resigned. He left the Commission on 31 December 1962.

* * *

MISCELLANEOUS

Workers' incomes and social security

62. The Statistical Office of the European Communities recently issued two new publications in its Social Statistics series : one on workers' incomes in fourteen branches of industry, the other on social security statistics.

The study of workers' incomes in fourteen branches of industry in the EEC (No. 3/62) follows on from the study of labour costs (No. 3/61) and examines the results of the 1959 enquiry into wages, this time from the angle of workers' incomes. It contains extensive statistical material, with analyses of the structure of net income and of the part played by the various factors which determine it (hours worked, family allowances, social security contributions and income tax). One of the interesting aspects of this study is that it considers in turn, for each country and branch of industry investigated, the level of the worker's net income as a function of his family situation (single, married with no children, married with one to five children).

The publication on social security statistics (No. 4/62) covers the years 1955-1960 and, following a uniform plan, gives a series of statistics on the various social security systems. In addition to statistics on total numbers of persons insured and on the cost of social insurance (revenue and expenditure), some indication is given of the relative importance of the different systems from the demographic and economic points of view.

There is an appendix giving a useful picture of the development from 1955 to 1962 of rates of social security contributions and of the ceiling for earnings on which contributions have to be paid under the various systems.

These publications are obtainable from the sales and subscription offices listed on the cover of this Bulletin.

Court of Justice of the European Communities

Case book of the Court, Volume VIII. Subscription : Bfrs 350 (FF 34).

Section 3 : Judgements of the Court and conclusions of the advocates-general in consolidated actions 42 and 49/59 — third-party opposition (Breedband NV v. Société des Aciéries du Temple, the ECSC High Authority, Koninklijke Nederlandsche Hoogovens en Staalfabrieken NV and Società Breda Siderurgica); consolidated actions 9 and 12/60 — third-party opposition (Government of the Kingdom of Belgium v. Antoine Vloeberghs SA and the ECSC High Authority); case 18/60 (Louis Worms v. the ECSC High Authority); case 9/61 (Government of the Kingdom of the Netherlands v. the ECSC High Authority, supported by Charbonnages de France and two other interveners); case 14/61 (Koninklijke Nederlandsche Hoogovens en Staalfabrieken NV v. the ECSC High Authority, supported by Société des Aciéries du Temple); case 16/61 (Acciaierie Ferriere e Fonderie di Modena v. the ECSC High Authority); consolidated actions 17 and 20/61 (Klöckner-Werke AG and Hoesch AG v. the ECSC High Authority); case 19/61 (Mannesmann AG v. the ECSC High Authority, supported by Phoenix-Rheinrohr AG).

IX. Institutions and organs

A. THE COUNCIL

87th session

The 87th session of the Council, on agriculture, was held on 3 and 4 December 1962 under the chairmanship of M. Mariano Rumor, Italian Minister of Agriculture.

The Council formally approved the texts, in the four Community languages, of a decision on the co-ordination of agricultural structure policies adopted at its session of 14 and 15 November 1962 ⁽¹⁾ and of two regulations — one amending the description of dressed slaughtered chickens, the other increasing the amount of the levies on imports into France of slaughtered fowls, chickens and turkeys from Luxembourg ⁽²⁾.

The Council adopted a regulation extending until 28 February 1963 Council Regulations Nos. 42, 45, 46 and 116 relating to eggs for hatching and poultry chicks ⁽³⁾.

It continued its examinations of draft regulations for the gradual establishment of a common organization of the market in the rice, milk and dairy products and beef sectors.

There was further discussion on the outbreak of foot-and-mouth disease in the Middle East, with particular reference to the possibility of a Community contribution to the FAO plan.

88th session

The 88th session was held on 3 and 4 December 1962, with M. Emilio Colombo, Italian Minister of Industry and Commerce, in the chair.

On the basis of proposals by the Commission, the Council approved a number of decisions on tariff matters. These are dealt with in Chapter VIII, sec. 19 of this Bulletin.

The Council also decided, under Article 25 (1) of the Treaty, to increase from 950 to 1 400 tons the nil duty tariff quota for 1962 granted to the Federal Republic of Germany for hydrogenated resins under heading ex 38.08 C of the common customs tariff (quota granted by Council Decisions of 2 April 1962).

On agriculture, the Council continued its work on the Commission's proposal concerning the maintenance of quantitative restrictions and the co-ordination of Member States' imports from State-trading countries of products subject to Council Regulations Nos. 19, 20, 21, 22 and 23.

(1) See official gazette of the European Communities No. 136, dated 17 December 1962.

(2) *Ibid.* No. 131, dated 8 December 1962.

(3) *Ibid.* No. 140, dated 28 December 1962.

After hearing M. Mansholt, Vice-President of the EEC Commission, on the implementation of the common agricultural policy during the previous quarter, the Council agreed to request the Commission to keep it regularly informed on this subject.

It resumed its work on the harmonization of relations between the Community and the associated African States and Madagascar.

A regulation was adopted on the organization of three inquiries into wages in the EEC's manufacturing industries for 1963, 1964 and 1965 (see Chapter VIII, sec. 40).

The EEC and EAEC Councils took note of the resolutions and opinions adopted by the European Parliament at its session of 19 to 24 November 1962.

89th session

The 89th session was held on 13 December 1962 under the chairmanship of M. Mariano Rumor. The session was devoted to agriculture.

Formal approval was given to the texts, in the four official Community languages, of the following regulations :

- a) Regulation extending until 28 February 1963 Council Regulations Nos. 42, 45, 46 and 116 on eggs for hatching and poultry chicks ⁽¹⁾;
- b) Regulation fixing the amount of levies on imports from non-member countries of live pigs and pig carcasses ⁽¹⁾.

The Council decided to refer to the European Parliament for an opinion a draft directive submitted by the Commission under Article 43 of the Treaty concerning certain problems of public health control in intra-Community trade in swine and bovines and the draft regulation submitted by the Commission under the same Article on the fixing of the amount of coarse grain required to produce 1 kg of poultry eggs for hatching and on the stamping of eggs for hatching. It decided to refer the draft directive to the Economic and Social Committee also for its opinion.

90th session

The Council held its 90th session on 17 and 18 December 1962, with M. Emilio Colombo in the chair.

The Council approved the text, in the official languages of the Community, of a second directive, proposed by the Commission, on the implementation of Article 67 of the Treaty ⁽²⁾.

It agreed to refer to the European Parliament and the Economic and Social Committee for their opinions the following three drafts :

- a) Directive pursuant to Articles 63 and 106 (3) of the Treaty, for the liberalization of transfers arising from invisible transactions not connected with the movement of goods, services, capital or persons;

⁽¹⁾ See official gazette of the European Communities No. 140, dated 28 December 1962.

⁽²⁾ *Ibid.* No. 9, dated 22 January 1963.

b) Directive on the harmonization of Member States' legislation on turnover taxes;

c) Directive on the alignment of legislative and administrative provisions concerning pharmaceuticals.

On a proposal by the Commission, the Council decided to suspend temporarily for 1963, under Article 28 of the Treaty, certain duties in the common customs tariff (see Chapter VIII, sec. 19).

Under Article 25 (1) of the Treaty, the Council granted tariff quotas for 1963 to several Member States (see Chapter VIII, sec. 17).

The Council reached agreement on the common attitude of the Member States for the fifth ministerial meeting with the associated African States and Madagascar, scheduled for 19 December 1962.

It was decided to publish the Association Agreement with Greece, together with the relevant documents, in the official gazette of the European Communities ⁽¹⁾.

After noting the resolution passed by the European Parliament on the draft operational budgets of EEC and EAEC for the financial year 1963, the Councils of the two Communities, in accordance with the provisions of Articles 177 and 203 of the Treaties of Rome, adopted their budgets on the basis of the drafts prepared at their session of 22 October 1962.

B. THE COURT OF JUSTICE

Judgements

On 14 December 1962 the Court of Justice gave judgement in the following cases ⁽²⁾:

I. *Consolidated cases 2 and 3/62* :

The Commission of the EEC v. the Grand Duchy of Luxembourg and the Kingdom of Belgium.

On 20 February 1962 the Commission submitted to the Court of Justice of the European Communities, in pursuance of Article 169 (2) of the Treaty, a motion for a judgment that the Kingdom of Belgium and the Grand Duchy of Luxembourg, by increasing the special duty imposed on imports of "pain d'épice" and by extending this duty to similar products, had infringed Article 12 of the Treaty ⁽³⁾.

In its judgement of 14 December 1962, the Court declared to be contrary to the Treaty the action taken by Belgium and Luxembourg in increasing, after

⁽¹⁾ See official gazette of the European Communities, dated 18 February 1963.

⁽²⁾ *Ibid.* No. 8, dated 21 January 1963.

⁽³⁾ See Bulletin 5-62, Chap. V, C.

1 January 1958, the special duty charged on the issue of import licences for "pain d'épice" and in extending this duty to similar products under heading 19.03 of the common custom tariff. This judgement gave entire satisfaction to the Commission.

In the grounds for the judgement, the Court of Justice laid down the following principles :

a) An application for derogation from the rules of the Treaty cannot have the effect of making lawful any unilateral action taken contrary to the said rules and consequently cannot retroactively make lawful the initial infringement.

b) The procedures for derogation laid down in Article 226 of the Treaty and in the decision of the Council providing for the imposition of a countervailing duty on certain processed agricultural products cannot inhibit the comminatory procedure which is available to the Commission by virtue of Article 169 of the Treaty.

c) Under the terms of Articles 9 and 12 of the Treaty, a charge having an effect equivalent to a customs duty, howsoever called and howsoever applied, may be considered as a duty imposed unilaterally, either at the time of importation or subsequently, and, being imposed specifically on a product imported from a Member State but not on a similar national product, it consequently has, by altering the price, the same effect upon the free circulation of goods as a customs duty.

d) The application of Article 95 of the Treaty cannot be extended to all and sundry charges; this Article implicitly tolerates imposts upon an imported product only if the same imposts fall upon national products of a similar nature.

e) The derogations allowed in agricultural matters to the rules for the establishment of the Common Market, constitute exceptions which are to be interpreted strictly and cannot be extended to products other than those listed in Annex II of the Treaty.

II. Cases 16 and 17/62 and 19, 20 21 and 22/62

a) Cases 16 and 17/62 : certain French commercial organizations ⁽¹⁾ v. the Council of the EEC.

In their appeal to the Court, these organizations pleaded that Article 9 of Regulation No. 23 of the Council, in liberalizing on 1 July 1962 trade in fruit and vegetables of the "extra" class, caused serious damage to French fruit growers.

b) Cases 19, 20, 21 and 22/62 : certain commercial organizations in the Community ⁽²⁾ v. the Council of EEC.

(1) — National Confederation of Fruit and Vegetable Growers.

— National Federation of Fruit Growers.

— National Federation of Vegetable Growers.

— National Federation of Table Grape Growers.

(2) — National Federation of Wholesale Butchers and Meat Traders.

— Stichting voor Nederlandse Zelfstandige Handel en Industrie.

— Syndicate of Wholesale Paris Butchers.

— Zentralverband des deutschen Getreide-, Futter- und Düngemittelhandels e.V.

In their appeal to the Court, these organizations attacked Article 2 (1) of Regulation No. 26 of the Council, on the ground that it gave associations of agricultural producers the right to conclude certain agreements not necessarily of a kind to promote the objectives of the common agricultural policy. This right created, according to the appellants, discrimination between producers and traders in favour of the former and to the detriment of the latter.

In two judgements of 14 December 1962, the Court, accepting without reserve the submissions of the Council, declared the appeals inadmissible and awarded costs against the appellants.

The Court, basing itself on Article 173 (2) of the Treaty, ruled that natural and legal persons do not have capacity to appeal for the revocation of Council or Commission regulations. Rejecting the interpretation placed by the appellants upon the term "decision" used in Article 173 (2) viz. that it included regulations, the Court considered whether the official term "regulation" was appropriate to the scope and content of the acts in dispute.

The Court ruled that an official act applicable to objectively determined situations and carrying immediate judicial effects in all Member States in respect of categories of persons considered in a general and abstract way could not be regarded as a decision unless it were shown that certain persons were individually concerned. Noting finally that the members of the appellant associations were affected by the provisions in dispute in the same manner as all others engaged in these trades in the Community, the Court ruled that it would impair the system of the Treaty if an association were to be considered as individually affected by an official act affecting the general interests of the category it represented.

Since the acts in question were in fact regulations and since the appeal was not lodged by a Member State, the Council or the Commission, the Court was not competent to rule upon the legality of the said acts.

III. *Consolidated cases 31 and 33/62*

The firms "Milchwerke Heinz Wöhrmann & Sohn K. G., Wesel am Rhein" and "Alfons Lütticke GmbH, Germinghausen, Westphalia" v. the Commission of the EEC.

These were two appeals lodged on 4 and 9 October 1962 against a decision of the Commission of 15 March 1961, renewed on 13 December 1961, authorizing the Federal Republic of Germany to impose a countervailing duty on imports of whole milk powder by virtue of Article 46 of the EEC Treaty.

By its decision of 14 December 1962 the Court rejected these appeals as inadmissible. The Court accepted in its entirety the plea of the Commission.

In the grounds for the judgement, the Court laid down the following principles :

a) Under Article 184 of the Treaty, a party can only plead the non-applicability of a regulation of the Council or of the Commission as a point of law in a case pending before the Court of Justice of the European Communities by reason of another provision of the Treaty.

b) In a case pending before a Court of a Member State, it is entirely a matter for that Court to decide, in conformity with Article 177, upon the suspension of proceedings and reference to the Court of Justice.

C. THE MONETARY COMMITTEE

The Monetary Committee held its 46th meeting on 18 and 19 December 1962. M. Van Lennep was in the chair.

It resumed its discussion of improvements that might be made in the international monetary system and continued the second annual review of obstacles to the movement of capital.

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 17 and 31 December 1962

EUROPEAN PARLIAMENT

Written questions and answers

N° 116 de M^{me} Strobel à la Commission de la CEE. Objet : Application du règlement n° 21 du Conseil portant établissement graduel d'une organisation commune des marchés dans le secteur des œufs (No. 116 by M^{me} Strobel to the EEC Commission. Subject : Application of Council Regulation No. 21 on the gradual establishment of a common organization of markets in the egg sector).

No. 138, p. 2905/62

N° 121 de M. De Block à la Commission de la CEE. Objet : Contingent tarifaire accordé pour le plomb et le zinc aux Pays-Bas (No. 121 by M. De Block to the EEC Commission. Subject : Tariff quota for lead and zinc granted to the Netherlands).

No. 141, p. 2949/62

Notice of public competitive examinations

Dispositions communes. — Avis de concours n° PE 1/C (secrétaires sténo-dactylographes). — Avis de concours n° PE 2/C (dactylographes) (General arrangements : notice of competitive examination No. PE 1/C [secretaries with shorthand and typing] and competitive examination No. PE 2/C [typists]).

No. 142, p. 2965/62

THE COUNCIL

Regulations

Règlement n° 154 du Conseil du 13 décembre 1962 portant prorogation de la durée de validité des règlements n° 42, 45, 46 et 116 du Conseil (Council Regulation No. 154 of 13 December 1962 extending the validity of Council Regulations Nos. 42, 45, 46 and 116).

No. 140, p. 2925/62

Règlement n° 155 du Conseil du 13 décembre 1962 portant fixation du montant des prélèvements envers les pays tiers pour le porc abattu et pour le porc vivant (Council Regulation No. 155 of 13 December 1962 fixing the amount of levies on imports from non-member countries of pig carcasses and live pigs).

No. 140, p. 2926/62

Règlement n° 156 du Conseil du 18 décembre 1962 prévoyant des mesures dérogatoires en ce qui concerne les farines et féculés de manioc et d'autres racines et tubercules originaires des Etats africains et malgache associés (Council Regulation No. 156 of 18 December 1962 laying down derogatory measures with respect to flour and starch of manioc and other roots and tubers originating in the Associated African States and Madagascar).

No. 140, p. 2928/62

Règlement n° 166 du Conseil du 18 décembre 1962 fixant la liste des prestations et allocations de caractère familial ou social qui doivent être déduites de la base imposable servant au calcul de l'impôt établi au profit des Communautés (Council Regulation No. 166 of 18 December 1962 listing the family allowances and other social benefits to be deducted from the income on which the calculation of the Community tax is based).

No. 141, p. 2951/62

Information

Décision du Conseil en date du 3 décembre 1962 visant à l'introduction de certaines modifications au tarif douanier commun (Council Decision of 3 December 1962 amending the common customs tariff).

No. 136, p. 2885/62

Décision du Conseil en date du 3 décembre 1962 portant suspension temporaire, au titre de l'article 28 du Traité, de certains droits du tarif douanier commun (Council Decision of 3 December 1962 temporarily suspending certain duties in the common customs tariff in application of Article 28 of the Treaty).

No. 136, p. 2888/62

Décision du Conseil en date du 3 décembre 1962 portant suspension temporaire du droit du tarif douanier commun pour certaines plaques formées de plusieurs feuilles d'aluminium de la position ex 76.16 C (Council Decision of 3 December 1962 temporarily suspending the duty in the common customs tariff on certain plates composed of several aluminium sheets under heading ex 76.16 C).

No. 136, p. 2891/62

Décision du Conseil en date du 4 décembre 1962 concernant la coordination des politiques de structure agricole (Council Decision of 4 December 1962 on the co-ordination of agricultural structure policies).

No. 136, p. 2892/62

Décision du Conseil du 18 décembre 1962 prorogeant la décision du 28 juillet 1962 concernant le maintien des restrictions quantitatives à l'importation par les Etats membres à l'égard des pays à commerce d'Etat pour les produits faisant l'objet des règlements n° 19, 20, 21, 22 et 23 du Conseil (Council Decision of 18 December 1962 extending the decision of 28 July 1962 on the maintenance of quantitative restrictions on imports of products subject to Council Regulations Nos. 19, 20, 21, 22 and 23 from State-trading countries into Member States).

No. 140, p. 2930/62

Décision du Conseil du 18 décembre 1962 portant suspension temporaire, au titre de l'article 28 du Traité, de certains droits du tarif douanier commun (Council Decision of 18 December 1962 temporarily suspending certain duties in the common customs tariff in application of Article 28 of the Treaty).

No. 141, p. 2953/62

THE COMMISSION

Regulations

Règlement n° 152 de la Commission modifiant le règlement n° 90 de la Commission relatif aux restitutions applicables aux exportations de céréales (Commission Regulation No. 152 amending Commission Regulation No. 90 relating to refunds applicable to cereal exports).

No. 138, p. 2911/62

Règlement n° 153 de la Commission complétant et modifiant le règlement n° 27 du 3 mai 1962 (Commission Regulation No. 153 supplementing and amending Regulation No. 27 of 3 May 1962).

No. 139, p. 2918/62

Règlement n° 157 de la Commission portant nouvelle fixation du montant des prélèvements pour les volailles vivantes de basse-cour d'un poids supérieur à 185 grammes et les parties de volailles abattues de basse-cour (modification des règlements n° 77 et 136 de la Commission) (Commission Regulation No. 157 extending the validity of Commission Regulations Nos. 77 and 136 concerning the amount of the levies on live farmyard poultry exceeding 185 grammes in weight and parts of slaughtered farmyard poultry).

No. 140, p. 2931/62

Règlement n° 158 de la Commission portant fixation du montant des prélèvements intracommunautaires pour les volailles vivantes d'un poids n'excédant pas 185 grammes (Commission Regulation No. 158 fixing the amount of intra-Community levies on live poultry not exceeding 185 grammes in weight).

No. 140, p. 2932/62

Règlement n° 159 de la Commission portant adaptation et fixation des prix d'écluse pour les œufs en coquille de volaille et volailles vivantes et abattues et fixation du montant des prélèvements envers les pays tiers pour les œufs en coquille de volaille, les volailles vivantes d'un poids n'excédant pas 185 grammes et les volailles abattues (Commission Regulation No. 159 adjusting and fixing the sluice-gate prices of poultry eggs in shell and of live and slaughtered poultry and fixing the amount of levies on imports from non-member countries of poultry eggs in shell, live poultry not exceeding 185 grammes in weight and slaughtered poultry).

No. 140, p. 2934/62

Règlement n° 160 de la Commission portant prorogation du règlement n° 71 de la Commission en ce qui concerne les œufs à couvrir de volaille (Commission Regulation No. 160 extending Commission Regulation No. 71 as far as it relates to poultry eggs for hatching).

No. 140, p. 2939/62

Règlement n° 161 de la Commission portant nouvelle fixation du prix d'écluse et du montant des prélèvements pour les œufs dépourvus de leur coquille et les jaunes d'œufs de volaille de basse-cour, propres à des usages alimentaires, frais, conservés, séchés ou sucrés (Commission Regulation No. 161 adjusting the sluice-gate price and the amount of the levies for shelled eggs and yolks of farmyard poultry, fresh, dried or otherwise preserved, sweetened or not, for human consumption).

No. 140, p. 2940/62

Règlement n° 162 de la Commission portant adaptation et fixation des prix d'écluse applicable aux porcs vivants et abattus (Commission Regulation No. 162 adjusting and fixing the sluice-gate prices applicable to live pigs and pig carcasses).

No. 140, p. 2941/62

Règlement n° 163 de la Commission relatif à certaines conditions d'octroi des restitutions applicables aux exportations de céréales (Commission Regulation No. 163 relating to certain conditions for granting refunds in respect of grain exports).

No. 140, p. 2944/62

Règlement n° 164 de la Commission reportant la date à laquelle devraient être exportées les farines de froment sous régime transitoire (Commission Regulation No. 164 postponing the date by which wheat flour subject to transitional arrangements should be exported).

No. 140, p. 2945/62

Règlement n° 165 de la Commission fixant un taux de conversion du blé tendre en farine pour le calcul de la restitution à la production (Commission Regulation No. 165 fixing conversion rate for soft wheat into flour for the calculation of the refund to producers).

No. 140, p. 2946/62

Information

Communication relative aux contrats de représentation exclusive conclus avec des représentants de commerce (Instructions concerning exclusive agency contracts concluded with commercial representatives).

No. 139, p. 2921/62

Communication relative aux accords de licence de brevets (Instructions concerning patent licensing agreements).

No. 139, p. 2922/62

Information

Directives and Decisions

Décision de la Commission autorisant la République française à différer le rapprochement des droits des tarifs spéciaux de la Guyane, de la Martinique et de la Réunion vers ceux du tarif douanier commun en ce qui concerne les tabacs fabriqués (Decision of the Commission authorizing the French Republic to postpone the approximation to the common customs tariff of the duties on manufactured tobacco in the special tariffs of French Guiana, Martinique and Réunion).

No. 137, p. 2897/62

Décision de la Commission prévoyant les dispositions transitoires applicables à certaines importations de farine de blé en Italie (Decision of the Commission laying down transitional arrangements for certain imports of wheat flour into Italy).

No. 140, p. 2947/62

European Development Fund

Modificatif à l'appel d'offres n° 223 lancé par la République islamique de Mauritanie) (Amendment to call for tender No. 223 issued by the Islamic Republic of Mauritania).

No. 137, p. 2899/62

Avis d'appel d'offres n° 254 lancé par la République gabonaise (Notice of call for tender No. 254 issued by the Republic of Gabon).

No. 138, p. 2913/62

Avis d'appel d'offres n° 255 lancé par la République malgache (Notice of call for tender No. 255 issued by the Malagasy Republic).

No. 138, p. 2914/62

Modificatif à l'appel d'offres n° 243 lancé par la République du Sénégal (Amendment to call for tender No. 243 issued by the Republic of Senegal).

No. 138, p. 2916/62

Signature de deux conventions de financement (entre la CEE et la République islamique de Mauritanie et entre la CEE et la république de Côte-d'Ivoire) (Signature of two financing agreements: between the EEC and the Islamic Republic of Mauritania and between the EEC and the Republic of Ivory Coast).

No. 141, p. 2955/62

Avis d'appel d'offres n° 256 lancé par la république fédérale du Cameroun (Notice of call for tender No. 256 issued by the Federal Republic of Cameroun).

No. 141, p. 2956/62

Signature de deux conventions de financement (entre la CEE et la république fédérale du Cameroun et entre la CEE et la république du Mali) (Signature of two financing agreements: between the EEC and the Federal Republic of Cameroun and between the EEC and the Republic of Mali).

No. 142, p. 2971/62

Delegations and Missions accredited to the Community

Missions d'Etats tiers (Costa Rica et Thaïlande) (Missions of non-member states [Costa Rica and Thailand]).

No. 142, p. 2971/62

General Information

Appel de candidatures pour des postes de stagiaires (Call for applications for trainee posts).

No. 141, p. 2958/62

THE ECONOMIC AND SOCIAL COMMITTEE

Communiqué concernant les avis de concours généraux. — Avis de concours n° CEE/2/62 (administrateur) (Communiqué concerning notices of public competitive examinations: notice of competitive examination No. CEE/2/62 [administrative post]). No. 138, p. 2907/62

B. Recent publications of the European Economic Community

Occasional publications

8070. Rapport du Comité fiscal et financier (Report of the Fiscal and Financial Committee).
1962. 152 pp. (French, German, Italian and Dutch).
Price: 17s. 0d., \$2.40, Bfrs. 120.
8071. Perspectives de développement économique dans la CEE de 1960 à 1970 (Economic Development prospects in the EEC from 1960 to 1970).
1962. 92 pp. (French, German, Italian and Dutch).
Price: £1.1s. 6d., \$3, Bfrs. 150.
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Price: £1.5s. 9d., \$3.60, Bfrs. 180.

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Monthly, Nos. 12/1962 and 1/1963. Three bilingual editions: English/French, French/Italian, German/Dutch.
Price per issue: 3s. 6d., \$0.50, Bfrs. 25.
Annual subscription: £1.16s. 0d., \$5, Bfrs. 250.
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Price per issue: 15s. 0d., \$2, Bfrs. 100.
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C. Publications by the Joint Services of the three Communities

Joint Information Service

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