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Table of Contents

	page
I. The Economic Situation and Policy Relating to Economic Trends, by Robert Marjolin, Vice-President of the Commission	— 5
II. Studies : European Development Fund for the Overseas Countries and territories	9
— Aims and particulars of the aid given to the overseas countries and territories	10
— Salient features of the European Development Fund and principles of its action	11
— Operation and procedure	15
III. The Activities of the Community	21
— Recommendations of the Commission of the European Economic Community on speedier implementation of the Treaty	21
— External relations	23
— Economic and financial affairs	27
— The internal market	31
— Competition	33
— Social affairs	34
— Agriculture	38
— Transport	39
— Association of overseas countries and territories	40
— Official visits	41
— Brief statistical notes	42
IV. Institutions and Organs :	
A. The Council	45
B. Conference of the representatives of Governments of the Member States	46
C. The Economic and Social Committee	47
D. The Monetary Committee	47

I. The Economic Situation and Policy Relating to Economic Trends

By Robert MARJOLIN

Vice-President of the Commission

The economic situation within the Community, whose member countries are all sharing in the general expansion throughout the world, is one of rapid growth. In the fourth quarter of 1959 the value of exports to non-member countries was 14 % above that of the corresponding period of 1958, while intra-Community trade continued to grow (the increases were 2 %, 16 %, 25 % and 29 % over the corresponding quarters of 1958), with the consequence that boom conditions have spread rapidly to all Community countries.

The other elements of demand are also contributing to expansion : private consumption is tending to grow at a more rapid rate than in 1959, largely as a result of wage increases granted in most member countries, while fixed investment by enterprises is also on the increase.

Production has so far shown great elasticity in adapting itself to the general expansion of demand : from January to December 1959, the index of industrial production rose by about 15 % for the Community as a whole, and further progress may be expected in the first quarter of 1960.

Although prices were relatively stable in 1959, with the exception of those for agricultural products, which were affected by the shortage of supplies consequent on drought, they may well be subjected to greater strains during the months ahead, now that the slack in the Community has already been largely taken up.

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Responsibility for the preparation of a policy to deal with economic trends is laid by the Treaty upon the Commission, which has found it necessary to define the measures which it considers should be taken to meet the present situation and has discussed them with the Council in recent weeks.

In the first place, the implementing of national budgets will need to be adapted as closely as possible to the business trend. Some automatic adaptation will in any case occur as a result of the higher tax yields which may be expected compared with the forecasts of revenue. Should the economic situation become more strained, speedier collection of taxes, if not their actual increase, without any corresponding increase in expenditure, might

also be envisaged. Budget disbursements also offer a certain latitude for manoeuvre since they include a more or less considerable volume of investment expenditure which can be spread over longer periods. Finally, the financing of the Treasury deficit could also be adapted to the situation of the money and capital markets by the widest possible recourse to long-term loans which could, if necessary, even go beyond the financial requirements of the Treasury.

The Commission further considered it should express the apprehensions it felt at any business cycle policy consisting exclusively of measures of a monetary character. As a result of the re-establishment of the external convertibility of currencies, any rise in the discount rate enacted in one country in fact influences the monetary policy of the others. But it is important that those countries whose economic recovery is the most recent should not be forced to follow a general movement of dear money which might sooner or later destroy their newly-won expansion.

The balance-of-payments surpluses of the member countries and the high level of their currency reserves put them in a position to envisage without apprehension some change in their trade balance : measures in favour of increased imports would thus make it possible to avoid or reduce any gaps between supply and internal demand for certain commodities.

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The Commission also considered that joint action might well be taken on employment. The level of activity and the extent to which production factors are being harnessed varies from country to country in relation to the phase of the business cycle at present reached by each of these. Production capacity is being used to the full in the Federal German Republic (where manpower shortages are particularly high and, it would seem, fairly permanent) and in the Netherlands (where they will remain high until 1962). At the same time, growth reserves in the form of unemployed manpower are available in Italy. Although France, Belgium and Luxembourg are at present in an intermediate position, continued expansion in these countries is likely during the year to provoke manpower shortages in certain sectors or occupational categories.

Better use of the manpower available in the Community would make it possible to increase the rate of expansion of production in those countries threatened with inflationary pressures and even in those where the labour market is showing only sporadic signs of strain. In addition, the social situation of the countries with a manpower surplus, in particular Italy, would benefit.

Over and above the bilateral efforts already being pursued between certain Member States, action on the Community level should make it possible

to achieve greater results than those now obtained, which are still relatively limited. In the present situation implementation of the procedure contained in Article 49 of the Treaty should be speeded up, so that the objectives defined in Article 48 concerning the free movement of workers can be attained as quickly as possible. However, some time must elapse before the Council can adopt the legal instruments at present being elaborated for the purpose of ensuring the gradual implementation of these Articles.

The Commission considers that the business situation and the way it can be expected to develop call urgently for short-term measures, and so it has proposed the immediate setting-up of a working party to study existing imbalances and those expected to arise in the labour markets of the Community, and to prepare appropriate measures to counter them. This working party, which consists of two representatives per country, one from the Ministry of Economic Affairs and the other from the Ministry of Labour, plus two representatives of the Commission, has been given the following terms of reference :

— To determine, within two months of the date of its establishment, the number of offers of employment at present not taken up und their cyclical trend by country, by sector of activity and by occupational category, as well as the manpower resources available in the Community and capable of effectively satisfying these offers of employment ;

— To study, within the same time limit, the possibilities of arranging on the Community level, programmes of rapid occupational training for persons prepared to migrate but insufficiently qualified and, in a general way, means of facilitating the manpower movements necessary if the urgent requirements of the labour markets in the Community are to be met.

At its 27th session, on 2 February last, the Council welcomed the action proposed by the Commission.

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Concurrently with action in the special field of employment, the Commission considered it advisable to put on a more regular footing the consultations which it has already been holding on the co-ordination among the member countries of their policies relating to economic trends. Article 103 of the Treaty lays down that Member States shall consult each other and the Commission on the relevant policy to be adopted in the light of current circumstances. After consulting the authorities concerned in the different Community countries, the Commission has submitted to the Council a plan for the establishment of a Committee on policy relating to economic trends.

The chief duty of this Committee will be to advise the Commission on concrete proposals which it might make to the Council on all occasions when

this seems to be required by developments in the economic and monetary situation. The economic climate since the return of most European currencies to external convertibility, together with liberalization measures taken at the same time and others in prospect, makes the economies of the various countries, particularly of the six members of the Community, much more closely dependent on each other; as a result, the work of the new Committee seems all the more necessary.

The Committee will consist of three representatives from each Member State; they are to be chosen from those personalities responsible within the State for the conduct of economic and monetary policy at the highest level.

At its session of 2 February, the Council signified its agreement in principle with the establishment of the Committee on policy relating to economic trends. The Committee will convene as soon as the details of its procedure have been finally settled.

Thus, *pari passu* with the opening of markets and at a time when the recommendations of the Commission in favour of speedier implementation of the Treaty are about to come up for examination, the institutions of the Community will have at their disposal more efficient instruments to lead economic activity onto the road of expansion.

II. Studies

European Development Fund for the Overseas Countries and Territories

Objectives and Operation

The purpose of this study is to describe in detail how the European Development Fund operates under the official regulations which have settled the principles of its action.

The regulations do not always deal with the method of applying the principles which they establish. Furthermore, these principles call for certain elucidation or further comment. The following study must therefore be considered in conjunction with the existing regulations, to which it refers explicitly (1).

The principles and methods of operation described below constitute a working instrument which it will be possible to adjust in the light of future experience and of suggestions made by the authorities representing the populations who benefit from the Fund. Any amendments made will be inspired first and foremost by the interest of these populations, thus reflecting the spirit of the Treaty of Rome establishing the European Economic Community.

I. Aims and particulars of the aid given to the Overseas Countries and Territories

1. The Treaty of Rome regards the economic and social development of the Overseas Countries and Territories as the first objective to be attained by associating them with the European Economic Community. Like all the other objectives of the Community, aid to the associated countries has been conceived in a spirit of broad international cooperation and an atmosphere of freedom and healthy competition. Furthermore, the chief responsibility for economic and social development continues to be with the populations concerned and with their governments. In these circumstances there can be no question of the EEC granting its aid otherwise than in close collaboration with the associated countries.

2. One of the means employed by the European Economic Community to further the development of the Associated States and Territories is the European Development Fund, the purpose of which is to finance economic and social investments. This financial aid is additional to other advantages which the Overseas Countries

(1) — Treaty of 25 March 1957 establishing the European Economic Community, Part Four. — Implementing convention relating to the association with the Community of the Overseas Countries and Territories (25 March 1957).

— Council Regulation No. 5 « laying down the particulars as to calls for and transfers of financial contributions, budgeting and the administration of the resources of the Development Fund for the Overseas Countries and Territories », published in the official gazette of the European Communities dated 31 December 1958.

— Provisional Council Regulation No. 6 « concerning the responsibility of pay commissioners and accountants entrusted with the resources of the Development Fund for the Overseas Countries and Territories », published in the official gazette of the European Communities dated 31 December 1958.

— Regulation No. 7 of the Commission « fixing the particulars of the procedure for the operation of the European Development Fund for the Overseas Countries and Territories », published in the official gazette of the European Communities dated 25 February 1959 (known as the « Implementing Regulation »).

and Territories are expected to gain from their association with the European Economic Community, chief among them being the promotion of commercial exchanges (Treaty, Article 132, and Implementing Convention, Articles 9 to 12). In particular, thanks to the breadth of competition, the import of supplies for carrying out any project financed by the Fund cannot fail to create new commercial relations between the European Economic Community and the associated countries, to their mutual benefit. The association also makes it possible for the European Economic Community to collaborate in technical training and assistance in the overseas countries and is likely to give a vigorous impetus to private investment in the territories concerned.

II. Salient features of the European Development Fund and principles of its action

Section 1. SALIENT FEATURES

3. The aim of the European Development Fund is to afford aid on a community basis as distinct from national and bilateral aid already afforded by the Member States to the Associated Countries and Territories.

On the one hand, the Fund draws its resources from the Member States of the EEC, but these abandon their exclusive control over the use of the sums thus made available. On the other hand, the nature of the Fund is such as to stimulate development on regional lines, since its operations are not limited by the frontiers separating the countries or territories having special relations with one or several Member States.

4. The aid afforded by the European Development Fund is also essentially complementary in character in that it adds a special element to the various means, both national and international, already being applied to further a more equitable sharing of « know-how » and to level up standards of well-being throughout the world. In particular, the efforts of the Fund will not replace those which the Member States having special responsibilities vis-à-vis the associated countries are already making (Implementing Convention, Article 1).

Section 2. FIELD OF ACTION OF THE FUND

5. The European Development Fund finances, wholly or in part, investments of an economic or social character calculated to improve the standard of living of the populations of the associated countries. These development efforts are not planned from outside, but correspond to the wishes of the local or national communities directly concerned. In fact, the Fund may finance only projects submitted with the agreement of the local authorities or the representatives of the populations concerned (Implementing Convention, Article 2). It is therefore the beneficiaries who, acting through their own authorities, have the initial responsibility for the development operations or at least, through their representatives, supervise the

action taken. The constitutions in force in the various associated countries decide which organs are competent to request the aid of the European Development Fund.

The Fund occupies, by its very nature, a specific place among the various sources of financing. It helps to carry out development programmes which are normally handled by the public authorities. In the interest of the Associated Countries and Territories themselves, the Fund could not finance projects likely to compete with or to replace private undertakings.

Neither can the resources of the Fund do the work of the local budgets or cover government expenses. They must be used for investment operations aimed at the basic development of the country in question. The projects submitted to the Fund may not, therefore, include maintenance or operation expenses such, for example, as those for permanent staff (Regulation No. 5, Article 18).

The Fund acts by means of subsidies for which no repayment is required (Regulation No. 5, Article 19). Thus investments which, in view of their financial yield and the existing possibilities of the market, could be financed by means of loans, are not part of its province.

7. The projects submitted to the Development Fund may have as their object investments of a social or economic nature. The aim of the economic investments is to improve the apparatus of production or its infrastructure. Where the proposed investments are directly productive, they must be for the exclusive benefit of the indigenous populations and bring about a rise in their living standards.

The aim of the projects of a social character is to improve the public health and educational equipment of the country concerned and the social services and housing conditions of the local inhabitants. The financing of scientific or technical research in the interest of the populations of the Associated Countries and Territories may also benefit under this heading (Implementing Regulation, Article 20).

Section 3. CRITERIA FOR THE SELECTION OF PROJECTS

8. The Commission studies each project from the point of view of its urgency and its effectiveness in promoting the harmonious development of the communities to which it applies (Implementing Regulation, Article 24). To this end it analyzes the cost of the action proposed in relation to the objectives pursued.

Since the European Development Fund is only one of the means to be employed in developing the Associated Countries and Territories, this form of aid must be harmonized with any other means available locally or from abroad. The economic and social projects submitted to the Fund must therefore be co-ordinated in the light of the most complete picture that can be formed of well-balanced progress for the populations concerned. In order to ensure the best possible harmonisation of the different development undertakings, it would be desirable to integrate the projects into an overall programme drawn up by each country or territory, the

elements of which would be linked to the various sources of finance available (Regulation No. 5, Article 24.)

9. The assistance of the Fund will be particularly effective when applied as part of a development programme at the points where it would bring into play other factors making for progress and enable these to be applied to other parts of the programme. Thus action by the Fund is especially appropriate for establishing the infrastructure which conditions private activities and investments, for speeding up the general education and technical training of the local population, which is a determining factor in its productivity, and for increasing knowledge of the resources and the economic structure of the countries concerned so as to permit, inter alia, the drawing up of comprehensive development plans.

10. Analysis of the projects generally results in first priority being granted to operations which will remedy existing unbalance in the economic and social structures, eliminate bottlenecks and other obstacles to development, and contribute to valorisation of potential resources.

Structural disequilibrium may exist between urban and rural development, agricultural and industrial productivity, receipts and expenditures in the balance of payments account or in the operational budget, etc.

Since the realization of the projects should evidently not lead to disequilibrium of this sort, the Commission is careful to see that the investments financed by the European Development Fund are not such as to imperil the local finances by involving them in recurrent expenditure.

11. The Commission is also careful to diversify the action of the Development Fund by applying it both in the economic and in the social spheres and dividing it between operations with short-term effects in some cases and long-term effects in others.

To be lasting any social improvements must correspond to some economic development. Conversely, economic development presupposes a population which is physically fit and has the ability to do the work required.

Generally speaking, priority will be granted to operations whose effect on the standard of living of the native populations is rapid and direct. However, there is a danger that in the long run development might lead to serious distortions and be slowed down if care is not taken to further at the same time those factors which condition expansion indirectly or in the more distant future.

12. In the use it makes of credits available for each group of Associated Countries or Territories, the Commission is careful to ensure an equitable distribution of the aid of the Development Fund (Implementing Convention, Article 4). For this purpose no territorial percentages are laid down a priori, but each group of projects is judged according to the criteria defined above. Nevertheless, the total amount allotted to financing them is related to the numbers of the population, its present

and potential level of development, the other financial resources available to the associated country and the capacity of its economy to absorb capital.

Section 4. METHODS OF CARRYING OUT THE PROJECTS

13. With a view to the best possible use of the resources of the Fund in the interest of the populations who are to benefit, the projects must be carried out in the most economical manner while stimulating the productive potential of the country which receives aid. This is why, in general, the goods and services required are obtained in the open market by calling on private initiative and competition. Nevertheless, when private initiative is inadequate or does not yet exist, it is normal for the public authorities to take the operations in hand. In such cases the fact that certain work is being done under State supervision would not be a bar to action by the Development Fund to finance the project.

14. The free play of competition in the execution of the projects pre-supposes that there shall be no discrimination between the suppliers or entrepreneurs of the Member States and of the Associated Countries and Territories. (Treaty of Rome, Article 132 (4)).

Section 5. SCOPE OF THE FINANCIAL AID OF THE EUROPEAN DEVELOPMENT FUND

15. The European Development Fund may finance all the expenditure necessary for the execution of the projects, provided that the operations to be financed fall within the field of action laid down for the Fund and described in Section 2. In principle, the financing is effected either in the currency of the Overseas Countries and Territories concerned or in that of one of the Member States of the European Economic Community.

16. The Commission undertakes to finance a project or group of projects for one or several associated countries by signing a Financial Convention with the responsible authorities of the country or countries concerned. No expenditure may be financed from the Fund unless it conforms to the Financial Convention and is necessary to the carrying out of a project thus approved. It is therefore impossible for the local authorities to undertake commitments for expenditure to be financed by the European Development Fund before the signature of the Convention relating to the project concerned.

However, technical or economic studies may be necessary before a project can be carried out. In such cases, the cost of studies made prior to the submission of the project might be covered by the credits granted for the financing of the project itself. The financial action of the Fund in this field is subject to the following conditions : (a) that the studies necessary should be beyond the resources of the local administrative services, and (b) that the Commission approves them before they are undertaken.

Requests for the financing of studies or important research prior to the establishment of a project are examined in the same way as a project normally submitted to the Commission.

17. The Fund is intended to finance entire projects. Nevertheless, as the Commission is anxious to promote close collaboration between the various sources of finance and the harmonisation of their activities, it may accept projects in which the action of the Development Fund would only be partial and additional to the contribution made by local budgets or other sources of finance (Regulation No. 5, Article 17).

18. The European Development Fund has very considerable resources, whose availability is ensured from the outset for each of the five successive financial years. Such financial aid is particularly suited to the carrying out of basic investments, the cost of which is high. If these investments can be effected at one stroke, rather than by separate and uncertain tranches, their yield is generally higher and their total cost decisively lower.

The financing of projects for small amounts would necessarily result in such multiplication of the operations for which responsibility is undertaken that the granting of credits would be considerably slowed down and the operation saddled with extra incidental costs which would reduce the resources available for actual use. Operations for small amounts may sometimes be grouped into a single project, provided it is possible to carry them out together.

On the other hand, the resources of the Fund may only in exceptional cases be used in any single associated country for projects whose size is such that the distribution of the credits between the various sectors or regions is unduly limited. In all cases, the amount involved by a project will only be considered by the Commission in the light of : (a) the size of the country concerned and of its population; (b) the urgency of the project for the well-being of the inhabitants; and (c) the possibilities of recourse to other sources of finance better adapted to the scale of the project.

III. Operation and procedure

Section 1. SUBMISSION, AMENDMENT AND WITHDRAWAL OF PROJECTS

19. The projects are submitted to the Commission by the responsible authorities of the countries and territories with the explicit agreement of the local authorities or the political representatives of the local populations concerned (Implementing Convention, Article 2 (1))

(1) In the Treaty of Rome and the Implementing convention relating to the association with the Community of the Overseas Countries and Territories « responsible authorities » are understood to be those in the Member State which has special relations with the particular associated countries or territories. In this context the authorities which by virtue of the various constitutions in force have general political responsibility on the spot in the associated countries, are referred to as « local authorities ».

Each Member State informs the Commission of the European Economic Community who are the responsible authorities, the local authorities and the bodies representing the population under the constitutions in force for each overseas country having special relations with it. The Member State also communicates any change which may take place in this matter (Regulation No. 5, Article 21).

20. If the associated country decides to execute with other funds a project submitted to the European Development Fund, or if it amends its programme of projects for any other reason, it must inform the Commission accordingly. The procedure for the withdrawal or the substantial amendment of a project is the same as that for its submission.

Should the Commission after examining the project wish to make certain changes, these must be made in agreement with the local authorities and the responsible authorities of the country concerned (Implementing Convention, Article 2 and Implementing Regulation, Article 26).

21. Projects submitted for financing during a financial year of the European Development Fund and not accepted for that year may be re-submitted for examination by the Commission with a view to their acceptance in a later year. Should they not be re-submitted, they are considered as having been withdrawn.

Section 2. FORM OF THE PROJECTS

22. A dossier in triplicate containing a description of the scheme and the grounds on which it is based is submitted to the services of the Commission in respect of every project. Any supplements to the dossier after the project has been submitted are also sent in triplicate.

The dossier states which local authorities and bodies representative of the populations concerned have approved the project or group of projects before their submission to the Commission and the manner of this approval.

The dossier further contains the names of the legal person on whose behalf the request for aid is submitted, the authority responsible for carrying out the work and, if necessary, who will be the proprietor of the project once completed with the aid of the Fund (Regulation No. 5, Article 22).

23. A part of the dossier consists of supporting documents to prove the utility and/or profitability of the investment in its economic and social context.

The dossier also furnishes miscellaneous information in support of the project; this may include a survey of the existing situation in the region and sector involved and data such as population figures, area under cultivation, volume of trade, budgetary receipts and expenditure, numbers attending school, etc.

24. In its descriptive part the dossier supplies data concerning the technical and financial aspects of the execution of the project.

Each project shall form a complete whole, capable of furthering the development of the communities concerned irrespective of any other schemes. (Implementing Regulation, Article 20). If complementary action is necessary to ensure the complete effectiveness of the projected investment, the nature of this action must be specified, together with the proposed source of finance. To improve the productivity of the indigenous populations often requires something more than the mere provision of better equipment; the users must also be in a position to operate to maximum advantage the equipment supplied. This demands that they be guided by technical supervisory staff over a long period and that their endeavours have the support of appropriate institutions.

25. The descriptive part also contains at least that minimum of specifications and plans necessary for the appraisal, from the technical angle, of the material content of the investment and the proposed method of carrying it out. The dossier refers to the studies made to establish the utility of the project and to fix the method of work, and indicates the detailed planning still required before operations can begin.

It includes a programme, with a time-table, of the various stages between the approval of the project and its final completion. This programme may include the detailed technical studies.

The dossier specifies the method of work envisaged or, if appropriate, the different possible methods from which a choice may be made. The same applies for the type of procurement contracts and works tenders to be concluded.

26. In all cases where a comparison is possible, the financial estimates for the project are based on the cost of the most recent operations of similar character in the same region, or on the results of calls for tenders for comparable projects. Schedules of current prices are attached to these estimates if necessary.

At the very least, the price estimate for the project must be broken down into expenses for detailed planning, for management and administration, for manpower, for equipment and for materials. It must also indicate the approximate percentage of supplies to be imported.

The financial evaluation covers the complete execution of the project even when the financial aid requested from the European Development Fund concerns only a specific part of the total operations. The dossier must show the source and the purpose of any further funds.

If the execution of the project is to extend over several years, the credits requested for its financing are made available according to a time-table corresponding to the probable spacing out of the work.

27. Should a project not have been accepted and be submitted again for a later financial year, the justificatory and descriptive dossier already submitted remains

valid. Only those variable factors which are no longer accurate need be brought up to date in support of the fresh submission.

Section 3. FINANCING OF THE PROJECTS

28. The carrying out of a project and its financing by the Fund may extend over several years. No financing may begin after the end of 1962, which is the last financial year at present laid down for the Fund.

The payment authorizations required for each annual tranche of a project are granted in the Financial Convention, which also indicates the total amount of aid granted by the Fund for the project. The Commission informs the authorities of the country concerned and the local authorities in due course of the dates when the portion of the subsidies to be granted in respect of the following financial years will be available. Payment authorizations not used up at the end of a year remain available for the same project.

29. The amount of the Fund's commitments specified in the Financial Convention is purely provisional. The Commission decides on the definitive commitment at a later date on the basis, either of the results of calls for tenders and contracts or, when it is a question of work under government supervision, of cost estimates submitted by the authorities responsible for the work at a time decided by the Commission (Regulation No. 7, Article 34, and Regulation No. 6, Article 4) (1).

Section 4. EXECUTION OF THE PROJECTS

30. Projects are carried out under the responsibility of a local authority designated for this purpose in the Financial Convention and known as the *local organiser*. The functions of the local organiser are defined in Articles 39 and 40 of the Implementing Regulation. They include the usual tasks of a director of works.

31. The projects are carried out in accordance with local procedures and methods. These must, however, be adapted at any points where they are incompatible with the regulations governing the European Development Fund, especially the Implementing Regulation.

In particular, tenders and contracts are concluded in conformity with the regulations in force in the country or territory concerned. The general forms of contract and tender must be amended as to detail when their provisions do not ensure equal treatment of natural and legal persons who are nationals of the Member States and those who belong to the Associated Countries and Territories.

32. During the preliminary procedure and when the project is being carried out, technical control is assumed by one or more natural or legal persons appointed

(1) Regulation No. 6 of the Council of Ministers, published in the official gazette of the European Communities on 31 December 1958.

for this purpose by the Commission and specified in the Financial Convention (Regulation No. 5, Article 20). These are known as *technical controllers*.

For each project the controller is chosen in the light of his technical ability in the field in which the Fund is financing the investment. He advises the local organizer on how to obtain the maximum benefit from the investment. In no case, however, may the action of the technical controller lead to the Commission assuming responsibilities which normally belong to the initiator of the project, the local organizer or the entrepreneur.

It is the responsibility of the controllers to check whether the clauses of the specifications are in conformity with the purport of the project as indicated in the Financial Convention, on the one hand, and, on the other, with the regulations governing the Fund. They must see to it that the local organiser spares no effort to complete each project without exceeding the credits granted but with due dispatch and in line with accepted practice in the relevant field. He certifies that the work as carried out is in conformity with the project as approved by the Commission. The functions of the technical controller are described in Articles 41 to 44 and Article 53 of the Implementing Regulation.

Section 5. EXPENDITURE : COMMITMENTS AND PAYMENTS

33. The local organiser authorizes expenditure in connection with the execution of the project. The financial action of the Fund normally takes the form of direct payment, the Fund itself settling with creditors on the basis of the payment orders drawn up by the local organiser. The Fund may also operate by reimbursements; in this case, the payments are first made by the competent local authorities in the normal way. The choice of method is based mainly on the wish to ensure regular and rapid settlement and to avoid saddling estimates and tenders with financial charges.

34. The Fund effects payments in connection with the execution of the project through a local financial institution, known for this purpose as the *paymaster-delegate*, to whom the authority to pay is issued by the Commission. The Fund opens an account with the paymaster-delegate and pays into it the necessary monies.

35. Financial control a posteriori is provided at all times by the Commission's Director-General for Overseas Countries and Territories on the basis of supporting vouchers and, if necessary, of the findings of officials sent to check on the spot.

III. The Activities of the Community

Recommendations of the Commission of the European Economic Community on speedier implementation of the Treaty

On 26 February 1960, the Commission submitted to the Council its recommendations for speeding up the time-table of the Treaty establishing the European Economic Community. The Commission requested the Council to consider the recommendations at its next session on 9 and 10 March. They will also be discussed in the general political debate which the European Parliament will hold during its session in March and April.

In placing its recommendations before the Council, the Commission has complied with a wish expressed by the Foreign Ministers of the Member States that these recommendations should be available early this year for transmission to the Council.

In the proposals which bear his name, M. Wigny, Belgian Minister of Foreign Affairs, includes a call for speedier implementation of the Treaty establishing the European Economic Community; in fact the Treaty itself makes provision for such a speed-up. As the Commission stated last September, it believes that the first two years' experience of the Treaty in practice shows that a more rapid completion of the European Economic Community is both possible and desirable. This opinion is founded on a number of economic and political circumstances, including the following two considerations :

— The present upward economic trends are especially favourable to a more rapid tariff and quota disarmament and to an earlier introduction of the common external tariff;

— The harmonization by the Member States of their economic and commercial policies and the decisions taken by them in 1958 and 1959 have already brought about a partial acceleration which now needs to be confirmed by further steps. The attitude of trade and industry, which is much ahead of the Treaty's time-table, gives encouragement for such action.

Moreover such a development is well in line with the liberal policy on external trade which the Community wishes to introduce. The sooner economic integration is translated into practice, the more quickly and the more surely will the Six be able to carry on a dynamic and open commercial policy.

1. The recommendations submitted by the Commission to the Council of Ministers concern both the speedier implementation of the customs union and the working out of the common policies. The Commission is anxious to maintain the internal equilibrium of the Treaty and to achieve not a mere customs union but genuine economic integration.

2. On the subject of the customs union, the Commission's recommendations concern the following points :

— **INDUSTRIAL QUOTAS :**

Abolition of industrial quotas amongst Member States before 31 December 1961 (in principle this measure could be extended to cover non-member states, subject to reciprocity). In 1960 the Member States and the Commission would together draw up a programme for the abolition of discrimination in the field of supplies and outlets resulting from national monopolies of a commercial nature. Finally, agricultural trade needs to be intensified by means to be settled later in connection with the gradual introduction of the common agricultural policy.

— **INTERNAL TARIFF DISARMAMENT :**

At the end of 1961 reduction should have reached 50 % instead of 30 % (two reductions of 20 % instead of 10 % on 1 July 1960 and 31 December 1961 in addition to the 10 % reduction already made on 1 January 1959).

— **COMMON EXTERNAL TARIFF :**

To avoid any diversion of trade, the move towards the common external tariff would begin on 1 July 1960 instead of on 31 December 1961. The first approximation would be made on the basis of a tariff reduced by 20 % (the reduction would be provisional until the result of the coming customs negotiations in GATT is known). The other industrialized member countries of GATT could be requested to reciprocate immediately on a scale to be agreed, with the exception of the United States which, because of the lengthy procedure required there for tariff reductions, would make its contribution in the GATT negotiations.

When immediate reciprocal action is being discussed, it would be possible to consider also the extension to other Contracting Parties in GATT and to states enjoying most-favoured-nation treatment of the tariff reductions that Member States would grant each other on 1 July 1960, provided always that this did not have the effect of bringing rates of duty below the corresponding rates in the common external tariff.

3. On the subject of the common policies, the Commission proposes that the Member States should expedite their work in all the fields covered by the Treaty, so that its objectives may be reached before the end of the transition period.

While realizing that in many fields work is ahead of the original time-table, the Commission proposes that certain measures be taken :

— In social policy, the problems of vocational training and the training of technicians should be jointly studied; the Commission also suggests that the Member States should immediately, and so far as possible before the end of 1960, ensure

the application of the principle of equal remuneration for equal work as between men and women workers.

— On commercial policy the Commission proposes that it and the Member States should systematically co-ordinate trade negotiations with non-member states; also, the measures taken to liberalize trade in individual commodities with non-member states should be brought into line more rapidly. The Commission believes that in cases of recognized importance or where major diversions of trade are to be expected, the first of the joint negotiations referred to in Article 113 of the Treaty should be undertaken. The measures provided for in the field of aids for exports to non-member states should be adapted to the new rhythm of the implementation of the Treaty.

— With regard to the common agricultural policy, the Commission has proposed that this policy be put into practice even before the end of the transition period. It recalls the link between industrial and agricultural integration, and the need to complete the speed-up of the customs union, which will mainly concern the industrial sector, through the speedy implementation of the common agricultural policy.

— Other proposals deal with standardizing statistics (because a common basis of calculation is urgently needed) and the abolition of trade barriers inherent in differences of rules and regulations from State to State (such as plant health controls, health regulations, industrial standards).

4. The Commission is convinced that if these proposals are accepted it will be possible, after four years of operation, to shorten the second and third stages of the Treaty in accordance with the provisions of Article 8; in due course it will submit appropriate proposals.

External relations

INTRA-EUROPEAN COMMERCIAL PROBLEMS

5. At the conference of 14 January 1960 in Paris, representing the 20 member and associated States of OEEC and the Commission of the European Economic Community, it was agreed that these States and the EEC Commission should set up a committee and one or more informal working groups to study commercial problems (1). In taking this decision, the conference had in mind « the need to examine, as a matter of priority, the relationship between the European Economic Community and the European Free Trade Association with due regard to the commercial interests of third countries and the principles and obligations of the General Agreement on Tariffs and Trade ».

(1) See Bulletin No. 1-60, Chapter II, Sec. 1 - 3.

The inaugural meeting of this Committee, which will be composed of senior officials of the 20 Governments and of the EEC Commission, will probably take place about 15 March.

6. The Council has entrusted the Special Committee instructed to examine the problems relating to a European Economic Association with the task of co-ordinating the preparatory work for the meetings of this Committee of senior officials from the 20 States of the OEEC and the Commission of the European Economic Community. For this purpose, the Special Committee met on 8 February under the chairmanship of M. Rey, a member of the Commission; it had a preliminary discussion of the problems involved and decided to meet again on 8 March.

ASSOCIATION OF GREECE AND TURKEY WITH THE COMMUNITY

7. At its meeting of 1 and 2 February, the Council re-affirmed its readiness to begin negotiations on the association of Greece with the European Economic Community. It was agreed that the exact tenor of the directives by which the Commission will be empowered to begin negotiations would be fixed in the course of the first half of February. These directives will be finalized after further discussion at the Council session to be held in March.

8. As regards the request of Turkey for association with the Community, the Council heard a report from the Commission on the status of its exploratory conversations with Turkish representatives. The Council noted that the Commission will shortly submit an outline agreement on the basis of which it will be possible to initiate the negotiations. The Council has further agreed that these negotiations should be conducted under the same procedure as that adopted for Greece.

ASSOCIATION OF THE NETHERLANDS ANTILLES WITH THE COMMUNITY

9. At its meeting of 1 and 2 February, the Council heard a statement by the Netherlands Minister for Foreign Affairs, M. Luns, according to which the Government of the Kingdom of the Netherlands requests that, in line with the declaration of intention appended to the Final Act of the Intergovernmental Conference on the Common Market and Euratom, negotiations be opened with EEC with a view to concluding a convention for the economic association of the Netherlands Antilles with the Community.

The Commission has begun a thorough study of the problem of associating the Netherlands Antilles with the Community, so that the next meeting of the Council can initiate the necessary procedure.

THE COMMUNITY AND G A T T

10. At the request of the Australian Government, the Community has begun consultations, under Article XII of the General Agreement on Tariffs and Trade,

with a group of Contracting Parties on the subject of lead, zinc and aluminium. In the course of these consultations, the representatives of the Community agreed to take note of the anxieties felt by their partners in GATT over the duties on these products which the Community might introduce into the common tariff during the negotiations concerning List G. As a result of these exchanges, the Community is able to keep abreast of the apprehensions felt by non-member countries and their desire to see a liberal policy adopted by the Community for the three products in question.

11. In conformity with the procedure laid down by the Contracting Parties for the examination of the Stockholm Convention, a questionnaire has been drawn up and transmitted to the GATT Secretariat. This questionnaire asks the seven Governments signatories to the Convention for information on certain of its provisions. After having grouped and co-ordinated the questions submitted by the various Contracting Parties, the Executive Secretary of GATT will transmit them to the seven Governments. This procedure for gathering information is intended to facilitate and speed up the examination of the Convention by the Contracting Parties at their next session in May, 1960.

12. Committee No. II of GATT (on the expansion of international trade), which was instructed by the Contracting Parties to study the special difficulties encountered by trade in agricultural products, held, in January 1960, a further meeting at which it was able to pursue the programme of consultations with the Contracting Parties on their agricultural policies. Consultations of this kind had taken place in September 1959 with a group of countries which included the Netherlands; others were held during the Fifteenth Session in November. At a recent meeting, which lasted from 25 January to 12 February, the Committee held consultations with eight countries, France and Italy among them. As at the previous meeting, the Commission was represented at this meeting. Even though not all the consultations are yet completed, the Committee's work has already proved very useful as it has brought out, not only the reasons for the protective measures applied in a large number of countries, but also the repercussions which these different measures have on international trade.

RELATIONS WITH NON-MEMBER COUNTRIES AND INTERNATIONAL ORGANIZATIONS

13. Following the decision taken by the Councils at their meeting on 1 and 2 February, the Commissions of the European Economic Community and the European Atomic Energy Community and the High Authority of the European Coal and Steel Community on February 2 handed a joint verbal note to the United States Mission to the Communities expressing the Communities' agreement in principle to the establishment of a joint office to represent them in Washington. On 5 February, a note in the same terms was handed to the Mission of Great Britain.

and Northern Ireland to the Communities with a view to the establishment of a joint office in London.

14. The competent institutions of the European Economic Community (Council and Commission) have agreed to the appointment of H.E. Ambassador Ernst Lemberger, proposed by the Austrian Government as Head of its Mission to the Community.

15. At the beginning of February, the Community had established diplomatic relations with twelve countries : United States of America, Greece, Israel, Denmark, Japan, Sweden, Switzerland, Great Britain, Norway, Ireland, Austria and Portugal. In the case of five further countries the procedure for the establishment of diplomatic relations was in train.

16. The Commission was represented at the meeting of the Ministerial Council of OEEC which took place on 14 January 1960 in Paris.

The EEC-OEEC Co-ordinating Committee held its third meeting on 4 February under the chairmanship of M. Rey, a member of the Commission; the meeting was attended by M. Sergent, Secretary-General of OEEC. The conclusions reached by the Council of OEEC on 14 January were among the questions on the agenda.

17. On February 5, the four personalities instructed by the conference of the 20 member or associated States of OEEC and the Commission of the European Economic Community to draw up a report on the reorganization of OEEC heard the representatives of the Commission. Their report will be submitted on 19 April to a conference of senior officials from the 18 member States of OEEC, the two associated States (U.S.A. and Canada) and the Commission of the European Economic Community.

18. The Commission was represented at the third session of the Committee on Trade of the United Nations Economic Commission for Asia and the Far East (ECAFE), which took place in Bangkok from 18 to 25 January 1960. In the absence of a formal agreement on the relations between ECAFE and EEC, participation in the work of the Committee was provided for by an ad hoc decision of the Committee itself, which allowed the representatives of the Commission to take an active part in the discussion of the item « Developments relating to the European Common Market and the Free Trade Area in Europe ».

19. Representatives of the Commission also attended the meetings of the second session of the United Nations Economic Commission for Africa (ECA) in Tangiers from 26 January to 6 February 1960. Although official relations have not been established between ECA and EEC, the Executive Secretary of ECA assisted the representatives of the Commission in their work.

20. Representatives of the Commission took part in the following meetings organized by the United Nations Economic Commission for Europe in Geneva :

— Inland Transport Committee — Group of Customs Experts (11 to 15 January 1960)

— Working Party on Industrial Statistics — Conference of European Statisticians (18 to 22 January 1960)

— Committee on Agricultural Problems — 10th session of the Working Party for the standardization of perishable commodities

— Inland Transport Committee — Special Meeting of the Sub-Committee on Road Transport (15 to 19 February 1960)

AID TO COUNTRIES IN THE COURSE OF DEVELOPMENT

21. The first meeting of the Group on aid to countries in the course of development set up by the "informal meetings" in Paris is planned for 10 March in Washington (1).

M. Lemaignen, a member of the Commission, will lead the Commission's delegation for that part of the meeting to be held on ministerial level.

Economic and financial affairs

NOTES ON ECONOMIC TRENDS

22. The general economic situation improved still further at the beginning of 1960, the expansion of business in member countries being characterized above all by a general growth of investment. This is in part the result of the general increase in orders and of the marked advance of production in the metal-working industries where, since September, output for the Community as a whole has been about 10 % above the level of the preceding year, and in part it is the result of an increased demand for industrial buildings.

In addition, consumption is tending more and more to become a determinant factor in expansion, whereas it had hardly been an important element in the recovery of 1959. Among the factors which will determine the trend of consumption we may mention the expected increases in wages, the growth of income from transfers to be foreseen in most member countries in 1960 and the tendency towards stabilization of the rates of saving. The progress registered in the production of consumer goods no longer stems from re-stocking by traders but is a result of expansion in final consumer demand.

Lastly, external demand continues to grow. During the final quarter of 1959, the further increase in Community exports to non-member countries was attributable mainly to the sharp rise in sales to the other industrialized countries in OEEC, which are at present experiencing a period of obvious expansion, and to some

(1) See Bulletin 1-60, Chapter II, Sec. 1 - 3 and Annex IV.

recovery in sales to the countries producing industrial raw materials, whose purchasing power has been strengthened both by the increase in deliveries and the firmer prices of their chief products. The entry into force of the Common Market and the improvement in the business situation within the Community have produced an appreciable expansion of intra-Community trade. During the second half of 1959 this trade, which represents about a third of the total exports of the member countries, was more than 20 % higher than in the same period of 1958.

Thanks to the large scale of earlier investments, supply has so far adapted itself with remarkable speed to the development of demand. During the final months of 1959, the growth of industrial production was even more vigorous than expected. In the first quarter of 1960, its rate of growth will be around 12 % over the corresponding period of 1959. Though this high rate is in part due to the relatively low level of activity during the base period, it nevertheless reveals a very great improvement in productivity. In fact, the most vigorous advance in production has been recorded in those sectors where the ratio of fixed capital to manpower is the highest — iron and steel, mechanical and automobile engineering, chemicals — and where production may be increased without calling on a large number of extra workers. From the second quarter onwards, however, a less vigorous advance in productivity must be expected.

In the services sector, progress has occurred particularly in transport; since April 1959, inland waterways traffic has been more than 10 % above the level of the preceding year. It would also seem that an improvement has occurred in road transport, as may be deduced from the increased rate of production of utility vehicles, which until September had remained stationary.

Generally speaking, the number of unemployed is lower than in 1958, except in France, where production has gone up without any increase in the numbers in employment.

Although there has been a notable decline in unemployment in Italy, there are still very sharp imbalances between the labour markets of Member States. A better utilization of manpower reserves within the Community would make it possible to reduce inflationary pressures in the countries where the shortage of manpower is increasing and, at the same time, to ease the unemployment problem in other member countries. For the Community as a whole, the result would be greater real growth. In this respect, the recruitment for the German Federal Republic of at least 70,000 Italian workers is a step in the direction of closer co-operation between the Member States. It would, however, be advantageous if this cooperation were widened into a co-ordinated action at Community level.

On the whole, the year 1959 was characterized by relative price stability. Despite the marked recovery in economic activity, the increase in consumer prices noted in the second half of the year has not so far been of a cyclical character, but is due essentially to the scarcity of certain agricultural products as a result of drought.

Wholesale prices have also remained stable up to now, although some hardening has been noted in recent months. However, the foreseeable expansion of demand as a result, in particular, of the increases in incomes which are likely to occur during the coming months and of difficulties in adapting production to the present rate at which orders are being booked, may well result in some tightness of prices, not only in the German Federal Republic but also, sooner or later, in other member countries.

Discount rates have been raised in three member countries successively : in the German Federal Republic in August, from 2,75 % to 3 % and in September from 3 to 4 % ; in the Netherlands in November, from 2,75 % to 3,5 % ; and in Belgium at the end of December, from 3,25 % to 4 %. The sole purpose of this last increase was to prevent the outflow of short-term capital, as the general business situation in Belgium, where there is still a large reserve capacity available for growth, does not call for restraints on production any more than in France or Italy. Rates on the money market have followed discount rates in most Community countries. In the German Federal Republic in particular, the rise in the rate for day-to-day money has been accentuated by the two increases in the minimum reserves of banks decided on by the Bundesbank with the aim of limiting their liquid funds.

Gold and currency reserves of the official monetary institutions in the Community increased by \$ 1,600 million in 1959. This increase was particularly remarkable in France, where it attained the figure of \$ 670 million, despite debt repayments of more than \$ 1,000 million, made chiefly at the end of the year. The increase was also very great in Italy, where it is estimated to have been about \$ 1,000 million. The reserves of the Bundesbank, although lower than those of the previous year, have recently tended to increase again, partly as a result of the inflow of short-term capital following the measures taken in the credit field. If account were also taken of private banking assets, which have risen considerably during the year, the reserves of the German Federal Republic would be appreciably higher than they were a year ago, and the same would be true of the Netherlands. The reserve available for growth represented by this surplus would make it possible in some Member States to nip any imbalance in the bud, and in others to step up expansion.

23. At its session of 1 and 2 February, the Council discussed with the Commission the policy measures which the latter considered necessary in view of the rapid expansion characteristic of the current economic situation in the Community (1). The Commission considered that the problem of manpower was one field in which joint action could be initiated. The Council approved the action proposed by the Commission and agreed in principle to the Commission's suggestion that a committee be set up to deal with policy relating to economic trends in order to obtain greater co-ordination of policy in this field among Member States. The

(1) See Chapter I of this Bulletin : « The economic situation and policy relating to economic trends », by Robert Marjolin.

details concerning the formation of this committee are to be settled at the latest during the March session of the Council.

ABOLITION OF RESTRICTIONS ON THE MOVEMENT OF CAPITAL (Article 67)

24. The Commission, acting in accordance with Article 69 of the Treaty of Rome, has submitted to the Council proposals for a preliminary directive aimed at the gradual abolition of restrictions on the movement of capital between Member States. Before finalizing its proposals the Commission had already consulted the Monetary Committee, as required under the same Article 69, and had in fact associated the Committee from the start with the preparatory work being done by the Commission's staff.

In preparing its proposals the Commission had reviewed the factors bound up with the movement of capital. It took into account the results of this review when it made its proposals for the unconditional freeing of many forms of capital movement and the conditional freeing of others.

Under the Commission's proposals, unconditional freedom would apply to direct investment, to nearly all personal capital movements, to dealings in securities quoted on stock exchanges and to movements linked with short-term and medium-term commercial transactions.

Conditional freedom would apply to any issue of shares and securities on the capital market made by business houses, to loans and credits of a purely financial character whether medium-term or long-term, and to dealings in papers not quoted on the stock exchanges. Under the proposals put forward by the Commission, a Member State would be required to free these forms of capital movement but would be entitled to maintain or impose restrictions on them if they threatened to impede the attainment of the aims of its economic policy. Under this procedure it would be possible to make substantial advances towards freedom of movement for capital while maintaining the flexibility that will apparently be necessary until sufficient co-ordination in economic and monetary policies has been achieved.

It should be pointed out that in certain Member States capital transfers are effected wholly or in part on special markets where the exchange rates vary more widely than those applying to payments arising from commercial transactions. In its proposals for a preliminary directive the Commission has put before the Council certain suggestions calculated to ensure that fluctuations in rates ruling on these markets shall not go beyond the point where freedom of movement for capital begins to be inhibited. Under the Commission's proposals it will be the duty of the Monetary Committee to watch the way in which rates develop on the various markets.

The Monetary Committee is also required to review at least once a year all remaining restrictions on the movement of capital and to submit to the Commission the results of this review.

The freedom which would be gained if the Commission's proposals for a directive were adopted would mark a considerable advance on the situation as it exists in certain countries today. The Commission is convinced that these measures of liberalization will have a beneficial effect on the establishment of the Common Market and entail no risks for the economic development of the Member States.

The Internal Market

ELIMINATION OF CUSTOMS DUTIES

25. The Commission has studied certain cases of infringements in the customs field which had been brought to its notice or discovered by its services, and in some instances it has agreed to initiate the procedure provided for in Article 169. In other cases the Commission has requested further investigation or has found that there was no infringement in the strict sense. Recommendations concerning these cases will be sent to the Member States.

ELIMINATION OF QUANTITATIVE RESTRICTIONS

26. The Commission, having studied certain cases of infringements in the quota field which had been reported to it or discovered by its services, has agreed to initiate, in some instances, the procedure provided for in Article 169. In other cases it has found it necessary to define its interpretation of the provisions of the Treaty and will thus be led to submit proposals to the Council or to address recommendations to the Member States.

27. In addition, the services of the Commission are studying complaints filed by Member States concerning difficulties encountered in the export to other Member States of commodities in which trade is subject to a monopoly within the meaning of Article 37 of the Treaty.

COMMON EXTERNAL TARIFF

28. In order to facilitate preparations for next September's negotiations in GATT, the Commission decided, at the beginning of February, to submit to the Council without further delay the common external tariff as far as it had been completed.

At its meeting of 12 February, the Council approved the draft of the common customs tariff. The tariff thus approved includes most of the tariff headings for which the rates were calculated, in conformity with Article 19 of the Treaty establishing the European Economic Community, on the basis of the arithmetical average of the duties applying in the four customs territories which make up the Community.

Work on the tariff, which began at the time when the Treaty of Rome was being negotiated, has given rise to a certain number of technical difficulties which in the main stem from the practical impossibility of applying rigorously the principles of

automatic operation laid down in the Treaty. These difficulties have been solved in accordance with the directives formulated by the interim Committee, which were discussed and confirmed by the Commission and the Council at the latter's meeting on 25 January 1958, as required by Article 21(1) of the Treaty. Starting with some 19,000 tariff lines before them, the Commission's staff and experts from the various countries have evolved a common tariff of slightly under 3,000 headings for use vis-à-vis non-member countries; this tariff, which is based on what is known as the Brussels nomenclature, embraces almost 95 % of the tariff headings with ad valorem duties.

In some cases the application of the rules laid down has brought out the need for various adjustments, and these have been made in line with Article 21(2) of the Treaty. This need arose from the fact that certain rates call for harmonization. Finally, in other cases, it was clear that the result arrived at by the rule of the arithmetical average required certain minor adjustments on either economic or technical grounds. These have been decided upon by the Council under Article 28 of the Treaty. The tariff will have to be completed later, as certain adjustments to improve its internal harmony still need to be made. By this Council approval the Community has honoured its undertaking to communicate to the Contracting Parties of GATT the most complete tariff possible and thus clear the way for the coming tariff negotiations.

29. For the common external tariff to be complete, it will still be necessary to add the duties for the List G products and also those for the products in respect of which the Commission has to determine how far the customs duties of a fiscal character in force on 1 January 1957 shall be used in calculating the arithmetical average, taking into account their possible protectionist character. So far as the List G products are concerned, the negotiations are continuing at ministerial level. On customs duties of a fiscal character the Commission will shortly submit to the Council the duties in the common customs tariff. In any event the total number of headings left blank does not exceed 5 % of the lines of the tariff.

30. The representatives of the Member States of the European Economic Community, meeting on 12 and 13 February in Brussels, completed the examination of practically all the tariff headings on List G. The Ministers instructed the competent experts to prepare decisions on the points outstanding and decided to hold their next meeting in Rome on 29 February and 1 and 2 March 1960.

CUSTOMS LEGISLATION

31. The staff of the Commission are preparing the decisions it must take on the regime of processing traffic between Member States. This work has been going on in close collaboration with the Government experts.

The Commission is in addition seeking means of doing away with internal customs formalities in the Community.

THE RIGHT OF ESTABLISHMENT AND THE SUPPLY OF SERVICES

32. The Commission has studied the draft of a general programme for the abolition of obstacles to the right of establishment. A second version of this draft is being prepared, and this will take into account the observations and remarks formulated by the Member States on the occasion of the meeting of the Main Committee. The advance draft of the general programme for the freeing of services is also being prepared.

Competition

33. At the Council meeting on 1 and 2 February, M. von der Groeben, a member of the Commission, outlined the guiding principles on which the Commission intends to base its policy on competition when putting into practice the Treaty provisions concerning the rules applicable to enterprises, State aids, fiscal provisions and the approximation of legislation.

M. von der Groeben pointed out that application of the policy on competition should be closely related to all action taken towards achieving the general objectives and completing the other tasks which arise directly from the Treaty of Rome. In the second place, the same firm treatment and the same principles should be applied to all the various practices likely to limit or distort competition or to have similar effects on the economy. Thirdly, the provisions of the policy on competition must be applied throughout the six Member States in the most uniform manner possible. Fourthly, the rules of competition which derive clearly from the Treaty should be applied empirically; this means that account must be taken, in dealing with specific cases, not only of the overall trend of the Common Market but also of the structural problems or problems of a general economic nature which may affect given sectors of the economy in the Member States. Finally, fresh public or private measures liable to alter the conditions of competition should be avoided.

The Council expressed its agreement with these principles. It was decided that certain specific problems, such as import taxes and export drawbacks, could be subsequently discussed between the Commission and the Council.

APPROXIMATION OF LEGISLATION

34. A meeting on approximation of legislation concerning industrial property, held at the seat of the Commission by the competent Under-Secretaries from each Member State, has resulted in the appointment of a Coordinating Committee to facilitate harmonization. The task of this Committee, which has already held a first meeting, is to devise a detailed programme for the three working parties set up to deal with patents, with trade marks and with designs and models. The Committee will also have to centralize and co-ordinate the work done by the working parties.

On the initiative of the Commission's services, a conference to deal with the approximation of legislation concerning duties on foodstuffs, at which the competent administrations of the six Member States were represented, was held on 14 and 15 January 1960. The conference decided on the immediate setting up of two working parties :

- one for cocoa,
- the other for "additives" (1).

The establishment of other working parties is planned.

FISCAL PROBLEMS

35. The working party instructed to study the problems involved in the harmonization of indirect taxes other than turnover taxes held its first meeting in January 1960. Two questions of principle and one specific case were discussed in the course of the meeting.

The meeting first attempted to work out some principles concerning the application of the concept of "indirect protection", referred to in Article 95 of the Treaty. Though they felt that this concept is not easy to define exactly, the national delegations drew up criteria of a general nature which might serve as a guide for dealing with various specific cases.

36. The other question of principle discussed concerned the application of Articles 95 and 96 to consumer taxes. In this connection the delegations reviewed the question whether the average rates referred to in Article 97 of the Treaty should be applied, on imports as well as on exports, for indirect taxes other than turnover taxes. Discussion of this question will be resumed at a later meeting.

37. In addition to these questions of principle, the meeting examined the specific case in which the Benelux countries had converted customs duties of a fiscal nature on wine into an excise duty. Since the problem is to know whether this excise duty is likely to afford indirect protection to beer, and thus come under the provisions of Article 95 (2) of the Treaty, the meeting attempted to find some elements of appreciation which might help the Commission in the decisions which it will later be called upon to take in the matter.

Social affairs

THE EUROPEAN SOCIAL FUND

38. Following the conclusions arrived at by the Economic and Social Committee and the European Parliament when they examined the draft regulations of the

(1) Non-nutritive substances intentionally added to foodstuffs (colouring matters, preservatives, artificial sweetening matter, emulsifiers and agglutinants, aromatics, the residual substance of pesticides and any other substance added).

Social Fund submitted by the Council under Article 127 of the Treaty, the Commission, in conformity with Article 149 (2) of the Treaty, reconsidered its original proposal and decided to amend it in the light of the opinions expressed. On 5 February 1960, the Commission forwarded its definitive proposal to the Council.

39. On the same day, the Commission submitted to the Council its opinion on the advance draft of the statutes of the Committee of the Social Fund, prepared by a working party set up by the Committee of Permanent Representatives. The Commission expressed itself in favour of an equal distribution of seats between the Member States and also of an equal distribution of seats between the following categories :

- one third : Governments
- one third : trade union organizations
- one third : employers' organizations

ORGANIZATION OF AN ENQUIRY INTO WAGES

40. The Commission has sent to the Council draft rules for the organization of an enquiry into wages. The draft is based on Article 213 of the Treaty and is intended to lay down the conditions under which the enquiry shall be carried out.

At a meeting in Brussels on 15 November 1958, the representatives of the statistical institutes of the six countries declared their agreement on the need for a special enquiry, since national wage statistics cannot be validly compared on the international plane.

At a second meeting in Brussels on 27 and 28 January 1959, this time attended by representatives of the Ministries of Labour in addition to the statisticians, the experts came to the conclusion that, at the present time, it would be impracticable to include the whole of industry in the enquiry and that this should be limited to a certain number of branches which are comparable from country to country. General agreement to the projected enquiry was given by both sides of industry at a meeting held in Brussels on 2 June 1959.

Finally, the representatives of the Ministries of Labour and of the statistical institutes as well as those of the employers' and workers' organizations met in joint session on 10 December 1959 for a final decision on some technical aspects, in particular the sectors of industry to be covered by the enquiry.

The Commission proposes that the enquiry should deal with the cost of manpower and the income of workers in the following industries :

- 1) Sugar (mills and refineries)
- 2) Breweries and malt-houses

- 3) Wool spinning
- 4) Cotton spinning
- 5) Manufacture of synthetic fibres,
- 6) Manufacture of paper pulp, paper and paperboard (excluding processing of paper and paperboard),
- 7) Chemical industries (excluding rubber),
- 8) Rubber industries (including rubber tubing and footwear, tyres, retreading of tyres),
- 9) Cement (excluding plants making pure lime, agglomerated products and fibro-cement),
- 10) Pottery, china and crockery,
- 11) Machine-tools,
- 12) Electro-technical industries,
13. Shipbuilding and repair of ships
14. Manufacture of motorcars and trucks (excluding assembly plants) — (applies to Germany and Italy only).

EMPLOYMENT PROBLEMS

41. A meeting of experts was held on 27 and 28 January to study a report on the analysis of employment trends in the Member States of the Community between 1954 and 1958. The experts agreed with the general analysis which had been prepared by the services of the Commission and made certain additions which helped to bring the document completely up to date. They also declared themselves in favour of extending the study to cover 1959.

OCCUPATIONAL TRAINING

42. On 21 and 22 January 1960, Government experts from the Member States met for the annual review of activities in the sphere of occupational training.

The meeting began with each member outlining the present situation and trends in occupational training; this was followed by a careful study of the questionnaire drawn up by the staff of the Commission to elicit basic information concerning present trends and future possibilities of occupational training in the Member States. Any objective comparison which results from the information provided by this questionnaire of the occupational training situation in the Member States will constitute an essential basis of the improvement in occupational training which is being sought with a view to establishing a general policy in this field.

SOCIAL SECURITY OF MIGRANT WORKERS

43. The Administrative Committee for the Social Security of Migrant Workers held its twelfth session on 21 and 22 January 1960. The Committee gave final approval to Decision No. 16 on the concept of temporary employment covered by Article 20 (3) of Regulation No. 3.

(Article 20 of Regulation No. 3 provides for benefits in kind and sickness and maternity insurance in cases where the family of an employed person is resident in a Member State other than the one in which he is affiliated. These benefits are provided by the institution of the country of residence for a maximum period of three years beginning from the date when the employed person arrived in the new country of employment. This limitation does not apply if the employment in the territory of the appropriate country is only temporary. The above decisions also cover the payment of the family allowances due under Article 40(1) of Regulation No. 3 in respect of children residing or being educated in the territory of a Member State other than the one in which the worker is employed).

The Administrative Committee also decided to convene the working party of experts on family allowances with a view to finalizing the specimen forms for the granting of family allowances in respect of invalid children and unmarried daughters not going out to work.

44. In conformity with Article 2(2) of Regulation No. 4 of the Council of the European Economic Community, the Administrative Committee for the Social Security of Migrant Workers is preparing guides to inform those concerned of their rights and of the administrative formalities which they must complete in order to benefit by Regulations Nos. 3 and 4 on the Social Security of Migrant Workers.

The Administrative Committee has set up a working party of experts to prepare these guides. The experts have already designed a folder giving migrant workers who still lack the necessary contacts in their new country of employment very general information, in particular on the social security organizations which they should consult to obtain the guidance they require. At a second stage, the experts will work out a more detailed guide which may perhaps take the form of a small booklet based on the different possibilities envisaged in Regulations Nos. 3 and 4.

THE SOCIAL SERVICES

45. On 18 and 19 January a meeting of independent experts was convened in Brussels by the services of the Commission to study methods of financing low-rental homes in EEC countries. This first meeting, at which the Director of Social Security and Social Services took the chair, aimed at defining the content of the investigation and agreeing with the experts a joint scheme of work.

Agriculture

THE COMMON AGRICULTURAL POLICY

46. The Ministers of Agriculture of the Member States met in Berlin on 1 February 1960 during the "Grüne Woche" (Agricultural Week). M. Mansholt, the Chairman of the Agricultural Group, and M. Lemaigen, a member of the Commission, were present as the Ministers examined a number of major problems which officials from the Commission and from the various Ministries of Agriculture had singled out at informal discussions held in December and January last. These discussions centred mainly on steps to be taken during the stage preceding the common agricultural policy.

47. The Agricultural Section of the Economic and Social Committee has continued to examine, chapter by chapter, the proposals drawn up by the Commission. The first drafts for a report from the Section are already in existence. The Economic Section of the Committee has dealt with the general economic aspects of these proposals. The adoption of an overall report and of the statement of opinion which the Commission has requested from the Economic and Social Committee is now planned for the end of April.

48. The Agricultural Committee of the European Parliament has also studied the Commission's proposals in preparation for a first debate on the subject in the Assembly. This debate is down for the session beginning at the end of March.

49. Practically all agricultural organizations (producers, cooperatives, agricultural workers, trade and industry) have examined the Commission's proposals. Many questions put by the agricultural organizations have been discussed between representatives of the various organizations and the Commission. A table of the observations made by these organizations is being drawn up as they are received by the Commission.

50. The staff of the Commission have continued their detailed study of the situation and trends in the various sectors of agriculture as well as the measures relating to agricultural structure, markets, and external trade which have been taken or are planned by the Governments of the Member States. In this connection a number of technical studies have been entrusted to particularly well qualified independent institutes and individuals.

The Commission has at the same time been considering the steps to be taken during the preparatory stage provided for in the proposals on the common agricultural policy. These concern in particular the implementation of the rules on competition (especially subsidies and State aids), assimilation of prices, expansion of trade, co-ordination of commercial policy and the approximation of legislation on food-stuffs, and veterinary inspection. On all these points, the Commission will submit detailed proposals to the Council.

51. The Commission has given particular attention to the problem of those food products which are not governed by the agricultural provisions of the Treaty but which are largely dependent on certain basic agricultural products.

52. The minimum import prices applied by certain Member States are the subject of special studies and discussions between government representatives and the Commission.

Transport

53. At its session of 25 February 1960, the Council studied the draft regulations for the abolition of discrimination in the field of transport rates and conditions submitted by the Commission in conformity with Article 79 (3) of the Treaty (1).

After giving its agreement to certain of the Commission's proposals, the Council had a preliminary discussion on the problem of publication, and decided to study the draft rules further at one of its coming sessions.

54. The staff of the Commission are engaged in preparatory studies concerning the implementation of Article 80 of the Treaty, which aims at the prohibition of all rates and conditions of transport involving any element of support or protection in the interest of one or more particular enterprises or industries. This prohibition is to come into effect at the beginning of the second stage.

55. Contact has been established between the staff of the Commission and their counterparts in the Member States in order to prepare the implementation of Article 81 of the Treaty, which aims at the reduction of charges or dues collected by a carrier, in addition to the transport rates, for the crossing of frontiers. These charges and dues are to be gradually reduced to a reasonable level, due account being taken of the real costs actually incurred by such crossing.

56. Preliminary studies for the implementation of Article 75 (1a) (common rules applicable to international transport from or to the territory of a Member State or crossing the territory of one or more Member States) are in hand; they will lead to the elaboration of a basic document which will be submitted to the Consultative Transport Committee provided for in Article 83 of the Treaty for it to give an opinion. The aim of this draft is to define the major problems calling for solution in this field.

57. Contacts have been established with the Member States with a view to setting up ad hoc committees of experts to study any problems to which the Treaty's objectives may give rise in connection with the infrastructure of roads and inland waterways.

(1) See Bulletin 3-59, sec. 53 and 54.

As regards road traffic problems, the contacts made have led to the summoning for March 1960 of a meeting of experts. Other meetings of the expert committees on railways and inland waterways are also being prepared and will be held in the near future.

Association of Overseas Countries and Territories

THE EUROPEAN DEVELOPMENT FUND FOR THE OVERSEAS COUNTRIES AND TERRITORIES (1)

58. In January 1960 the Commission agreed that the Fund should finance the following social projects :

a) In the Islamic Republic of Mauritania :

— a school construction programme for a provisional commitment of 1,100,000 units of account (approximately 271 million Frs CFA),

— the construction of 50 village wells for a provisional commitment of 693,000 units of account (approximately 171 million Frs CFA).

The Islamic Republic of Mauritania will own these schools and wells.

The first of these projects is intended to provide the country with more schools by building or re-building 46 primary schools and 4 for further study. In this way it will be possible to raise the level of school attendance, which is still rather low because of the vast extent of the territory (more than one million square kilometres for a population of approximately 600,000) and of the nomadic or semi-nomadic way of life of the greater part of the population.

Under the second project, watering points are to be built in many villages in particular need of them. This operation will have a direct effect on the health of the population and an indirect effect on the local economy because it will improve conditions for agriculture and stock breeding.

b) In the Republic of Congo :

— a programme for the extension of health protection for young mothers and infants, involving a provisional commitment of 457,000 units of account (approximately 112,600,000 Frs CFA).

The Republic of Congo will own these institutions.

Compared with the other African States, the Republic of Congo has a fairly well developed health system. The country is nevertheless inadequately equipped so far as the health protection of young mothers and infants is concerned; this is

borne out by the particularly high mortality rate among children of under one year. The project which it has been decided to finance aims at removing, or at least considerably improving, the shortage of institutions for the health protection of young mothers and infants by building nine new centres and re-building 10 bush dispensaries and maternity wards.

c) In Netherlands New Guinea

A supplement to the funds allocated in December 1959 for an agricultural experimental station at Manokwari, raising the provisional commitment to 2,026,000 units of account (1).

59. In January the Chairman of the Overseas Countries and Territories Group of the Commission visited Africa (the Republic of Niger, the Sudanese Republic, the Republic of Senegal and the Islamic Republic of Mauritania).

M. Lemaigen was accompanied by senior officials of the Commission. The Director of General Affairs in the Directorate-General of Overseas Countries and Territories visited Liberia.

TRAINEES

60. The first trainees, two Africans and one Madagascan, have commenced work at the seat of the Commission. They are to serve for some time in all departments of the Directorate-General of Overseas Countries and Territories and may also be called upon to work in other Directorates-General. After their service in the various parts of the Commission they will be entrusted with the work most suitable to their previous education, their present position and in particular to their future employment in their own countries.

RIGHT OF ESTABLISHMENT

61. The staff of the Commission are examining various opinions on the problem whether the special rules applicable to aliens (trade permits, entry visas, residential permits, the possibility of expulsion, etc.) are contrary to the principle of non-discrimination laid down in Article 8 of the Implementing Convention.

Official Visits

62. M. Hallstein, President of the Commission, accompanied by the Vice-Presidents and members of the Commission, will pay an official visit to H.R.H. the Grand Duchess of Luxembourg on 14 and 15 March.

63. On 19 February, the Minister President of Schleswig-Holstein, M. K.-U. von Hassel, paid an official visit to the Commission of the European Economic

(1) See Bulletin 1-60, Chapter II, Sec. 53 c).

Community and to the Euratom Commission. Among other points, questions of commercial policy, agricultural policy, regional policy and policy relating to economic trends were discussed with the President and the members of the Commission.

Brief statistical notes

EXPANSION OF TRADE BETWEEN THE SIX IN 1959

64. In 1959, trade between the countries of the European Economic Community increased by 17 % in value and 22 % in volume as compared with 1958. This considerable increase is surprising, since in 1958 the value of trade had fallen 1 % below the previous year's figures but had increased by 11 % in 1956 and by 9 % in 1957 in comparison with the preceding years. In 1959, the increase of volume outstripped that of value because the value of commodities exchanged had fallen by 5 %.

The rate of trade expansion between the Member States of the European Economic Community increased rapidly from one quarter to the next. Compared with the corresponding quarter of 1958, trade between the Member States of EEC gained 2 % in the first quarter of 1959, 16 % in the second, 25 % in the third and 29 % in the fourth. (Account must however be taken of the fact that the Saar was detached from the French economy in the period under review).

Imports and exports both increased at the same rate in Italy, the Netherlands and the Belgo-Luxembourg Economic Union, but in the Federal Republic of Germany imports increased very much more — 27 % — than exports, which expanded by only 12 %. Of all the Member States of the Community, France showed the greatest increase in exports and the smallest in imports. This is partly due to the devaluation at the end of 1958. The following table shows the percentage rates of increase in the value of trade between the various Member States of the EEC in 1959 :

	Exports to EEC	Imports from EEC
Federal Republic of Germany	: + 12 %	+ 27 %
France	: + 33 %	+ 7 %
Italy	: + 27 %	+ 29 %
Netherlands	: + 18 %	+ 14 %
Belgo-Luxembourg Economic Union	: + 9 %	+ 10 %

The expansion of trade amongst the Member States of EEC has not slowed down the rise in the rate of EEC imports from non-member states; though in 1959 these imports remained at the same level by value as in 1958, when allowance is made for the trend of prices, this is equivalent to an increase in volume of some 5 %. In the same year exports from the Community to the rest of world increased by 9 % in value and by 15 % in volume.

So far as trade between the EEC and the associated Overseas Countries and Territories in 1959 is concerned, the Federal Republic of Germany, Italy and the Netherlands increased their imports from these areas by 16 % in value and 23 % in volume. On the other hand their exports changed but little, falling by 1 % in value but increasing by 3 to 4 % in volume.

The change in the rate of the French franc had serious repercussions on the general balance, expressed in dollars, of the Community's external trade with the overseas territories.

IV. Institutions and Organs

A. The Council

65. The Council of the Community held its 28th session in Brussels on 1 and 2 February 1960 with M. Eugène Schaus, Minister of Foreign Affairs of the Grand Duchy of Luxembourg, in the chair.

During this session the Council and the Commission discussed problems arising from the general economic trend. (1) The Council noted the suggestions made by the Commission for adapting the management of public finances to the economic trend and for the use of balance-of-payments surpluses. The Council also approved the principle of establishing a Committee on policy relating to economic trends, as proposed by the Commission; the detailed procedures for the formation of this Committee are to be settled at the next session of the Council. Finally, in view of the need for short-term measures to ease the present tightness of the labour market in certain Member States, the Council welcomed the Commission's plan to convene a working party with the task of determining, within two months, the number of offers of employment at present not taken up and the manpower resources which are available in the Community and capable of effectively satisfying these offers.

Within the same time limit, the working party is to study the means of facilitating the manpower movements necessary if the urgent requirements of the labour market in the Community are to be met, and also the possibility of arranging, between countries with a shortage of manpower and those with a surplus, a programme of rapid occupational training for persons prepared to migrate but insufficiently skilled.

At the same session the Council heard from M. von der Groeben, a member of the Commission, a description of the directing principles on which the Commission proposes to base its policy on competition (2).

The Council gave its agreement to the principles elaborated by M. von der Groeben. It was agreed that certain specific problems, such as import taxes and export drawbacks, might be discussed later between the Commission and the Council. The Council affirmed its readiness to begin negotiations for the association of Greece with the European Economic Community, and for this purpose it was agreed that the terms of the directives by which the Commission would be empowered to begin these negotiations should be settled in the near future. (3)

As regards the request of Turkey for association with the Community, the Council heard a statement from the Commission on the status of the exploratory conversa-

(1) See Chapter I of this Bulletin.

(2) See Chapter II, sec. 33 of this Bulletin.

(3) See Chapter II, sec. 7 of this Bulletin.

tions it has been carrying out, and noted that the Commission would shortly submit an outline agreement on the basis of which negotiations might be begun.(1)

The Council heard a statement by M. Luns, the Netherlands Minister of Foreign Affairs, according to which the Kingdom of the Netherlands requests that negotiations be opened with the European Economic Community for the conclusion of a convention associating the Netherlands Antilles economically with the Community. (2)

At its March session the Council will study possible procedures for conducting these conversations.

(The Ministers of Foreign Affairs met with the President and two members of the Commission outside the official session of the Council. Among the questions discussed on this occasion were the results of the Paris conferences of 12-14 January 1960 and the report of the ad hoc Committee on aid to underdeveloped countries).

66. The Council held its 29th session on Saturday 13 February 1960 in Brussels under the chairmanship of M. Paul Elvinger, Minister of Economic Affairs of the Grand Duchy of Luxembourg. The Council approved the draft of the common customs tariff submitted to it by the Commission at the beginning of February. (3)

67. The Council held its 30th session on Thursday 25 February 1960 in Brussels under the chairmanship of M. Pierre Gregoire, Minister of Transport of the Grand Duchy of Luxembourg.

The Council studied the draft rules for the abolition of discrimination in the field of transport rates and conditions submitted by the Commission in conformity with Article 79(3) of the Treaty. After giving its agreement to certain of the Commission's proposals, the Council had a preliminary discussion on the problem of publication and decided to study the draft regulations further at one of its coming sessions.

B. Conference of the Representatives of Governments of the Member States

68. The representatives of the Member States of the Community met on 12 and 13 February 1960 in Brussels under the chairmanship of M. Paul Elvinger, Minister of Economic Affairs of the Grand Duchy of Luxembourg.

At this meeting the representatives of the Member States concluded the study of practically all the tariff headings on List G and reached agreement on a certain number of points in addition to those already settled at the earlier meetings. (4)

(1) See Chapter II, sec. 8 of this Bulletin.

(2) See Chapter II, sec. 9 of this Bulletin.

(3) See Chapter II, sec. 28 of this Bulletin.

(4) See Chapter II, sec. 30 of this Bulletin.

C. The Economic and Social Committee

69. The Agricultural Section of the Committee held several meetings in January and February to study the Commission's first proposals for a joint agricultural policy.

Draft reports on several sections of the proposals have already been drawn up. However, the adoption of the full report and the opinion which the Commission requested of the Economic and Social Committee is not now expected before the end of April.

The opinion on the Commission's proposals which the Section for Economic Questions is required to submit to the Agricultural Section has been drawn up on the basis of two reports prepared by a working party and has been communicated to the Agricultural Section.

D. The Monetary Committee

70. The Monetary Committee met on 1 February 1960 and adopted its second annual report. This document consists of a summary of the activities of the Committee during 1959, together with comments on trends in the monetary and financial structure of the Member States.

The Chairman of the Monetary Committee has submitted the annual report to the Commission, at the same time informing it of the Committee's opinion concerning the proposed directive on the freeing of capital movements which the Commission was later to send to the Council. Under the terms of Article 69 of the Treaty, the Commission was required to consult the Monetary Committee before submitting proposals on this matter to the Council.

71. The Monetary Committee met again on 22 and 23 February 1960.

Continuing its regular studies of monetary and financial conditions in the countries of the European Economic Community, it examined the situation in the Netherlands and Italy.

The Committee has been consulted by the Commission on the problem of the unit of account for the financial operations of the European Communities. It has studied this problem, which exclusively concerns financial relations between the Member States and the Institutions of the European Communities, and has forwarded a report to the Commission.

EUROPEAN
ECONOMIC COMMUNITY

Statistical Table of the decision

Commission

Directorate General
for Overseas Countries
and Territories

Projects decided on by the Commission or approved

Financial and Technical
Directorate of the Development Fund

Overseas countries and territories having special relations with	Title of Project (and date of decision)	Serial or accounting number
I — Belgium		
Belgian Congo	Medical and surgical centre at Doruma (20-2-1959) Anti-erosion schemes at Luluabourg (20-2-1959) Infrastructure at Elisabethville (20-2-1959) Infrastructure at Stanleyville (20-2-1959)	11.11.001 11.11.002 11.11.003 11.11.004
Ruanda-Urundi	Opening up of Mayaga-Bugesera (20-2-1959) Improvement of Bugarama-Muramvya road (5-4-1959) Track from Twesero to Kinyinya (5-4-1959) Introduction of tea-growing by natives (5-4-1959) Rural hospitals at Chibitoke and Kayanza (16-12-1959) Road construction in Usumbura (16-12-1959) Overall study for the development of Ruanda-Urundi (19-1-1960)	11.12.001 12.12.001 12.12.002 12.12.003 11.12.002 11.12.003 12.12.004
	Total for Belgian Overseas Countries and Territories Number of projects : 11	
II — France		
Cameroon	Hospital building at Meiganga (17-2-1959) Hospital building at N'Tui (17-6-1959) Four ships berths in old port of Douala (2-2-1959) Watering points in subdistrict of Mora (17-6-1959)	11.22.201 11.22.202 12.22.201 11.22.203

taken in respect of the European Development Fund
countries)

the Council. Position on 31-1-1960

in units of account

Expenditure authorized		Payment authorizations			Expenses incurred
social projects	economic projects	1958	1959	1960 and later financial years	
400,000		400,000			2,685
654,000		400,000	254,000		60,246
400,000		400,000			660
600,000		600,000			2,200
2,054,000		1,800,000	254,000		65,791
480,000		240,000	240,000		11,400
	440,000	260,000	180,000		1,650
	120,000	120,000			300
	366,000	366,000			1,100
130,000			130,000		
220,000			220,000		
	130,000	130,000			
830,000	1,056,000	1,116,000	770,000		14,450
2,884,000	1,056,000	2,916,000	1,024,000		80,241
3,940,000					
52,000		52,000			
30,000		30,000			
249,000	3,565,000	1,620,000	1,130,000	815,000	
		249,000			
331,000	3,565,000	1,959,000	1,130,000	815,000	

Overseas countries and territories having special relations with	Title of Project (and date of decision)	Serial or accounting number
Comoro Archipelago	Building of four maternity clinics (23-10-1959)	11.24.201
Republic of Congo	Health protection for young mothers and infants (25-1-1960)	11.23.201
Republic of Ivory Coast	Drinking water supplies : Watering points (22-7-1959) Establishment of five auxiliary hospitals (22-7-1959) Construction of 60 primary schools (13-11-1959) Fishing port at Abidjan	11.21.501 11.21.502 11.21.503 12.21.501
French Somali Coast	Infrastructure work — « Stadium » housing estate at Djibuti (28-5-1959)	11.24.301
Republic of Dahomey	Schools for male and female nurses at Cotonou (22-7-1959) Hospital group at Sawalou (22-7-1959) Hospital group at Athiémé (22-7-1959)	11.21.601 11.21.602 11.21.603
Gabonese Republic	Health units (16-9-1959) Construction of a commercial section at the Libreville vocational school (13-9-1959)	11.23.101 11.23.102
Republic of Upper Volta	Construction of ten health units (23-10-1959) Construction of a hospital pavillion at Koudougou (23-10-1959) Construction of 50 primary schools (23-10-1959)	11.21.701 11.21.702 11.21.703
Republic of Madagascar	Teachers' College at Diégo-Suarez (3-6-1959) Classical and modern college at Majunga (3-6-1959) College at Tuléar (3-6-1959) Primary schools (120 class rooms) (3-6-1959) Water supply works at Diégo-Suarez (3-6-1959) Emergency repairs to road communications (27-7-1959) Emergency repairs to rail communications (27-7-1959) Irrigation scheme in the Anony-Delta (26-10-1959) Irrigation scheme in the Tuléar plain (26-10-1959) Construction of Amboanio road (26-10-1959) Improvement of stock breeding and introduction of mixed farming in the Tsiroanomandidy district (5-12-1959) Manakara-Farafangana road (5-12-1959)	11.24.101 11.24.102 11.24.103 11.24.104 11.24.105 12.24.101 12.24.102 12.24.103 12.24.104 12.24.105 12.24.106 12.24.107

Expenditure authorized		Payment authorizations			Expenses incurred
social projects	economic projects	1958	1959	1960 and later financial years	
81,000		81,000			
457,000		457,000			
1,090,000 580,000 1,216,000	600,000	730,000 580,000 1,216,000 405,000	360,000 195,000		
2,886,000	600,000	2,931,000	555,000		
741,600		400,000	256,000	85,600	
222,000 107,000 67,000		183,000 107,000 67,000	39,000		
396,000		357,000	39,000		
567,000		567,000			
45,000		45,000			
612,000		612,000			
426,000 84,000 1,115,000		426,000 84,000 1,115,000			
1,625,000		1,625,000			
142,000 102,000 243,000 162,000 608,000	1,620,417 1,215,313 1,620,000 1,944,000 365,000	142,000 102,000 243,000 162,000 324,000 1,620,417 1,215,313 365,000 283,000 365,000	284,000 648,000 567,000	607,000 1,094,000	312 223 527 203 1,560 1,862 1,846
	849,000 2,634,000	212,000 607,000	283,000 1,216,000	354,000 811,000	
1,257,000	10,247,730	5,640,730	2,998,000	2,866,000	6,533

Overseas countries and territories having special relations with	Title of Project (and date of decision)	Serial or accounting number
Mauritania	School construction programme (25-1-1960) Construction of village wells (25-1-1960)	11.21.201 11.21.202
Niger	School construction programme (15-10-1959) Watering points and vaccination centres (12-12-1959)	11.21.801 12.21.801
New Caledonia	Children's clinic and operating theatre at the Nouméa hospital (16-12-1959) Dispensary at Poindimié (16-12-1959) Bush schools (16-12-1959) Centre for rapid vocational training courses at Nouville (16-12-1959)	11.24.501 11.24.502 11.24.503 11.24.504
French Polynesia	Construction of a berth for coastal vessels at Papeete (26-10-1959)	12.24.601
Sudanese Republic	Establishment of four seasonal agricultural schools (23-10-1959) Hospital unit at Nioro (23-10-1959) Anti-tuberculosis dispensary at Sikasso (23-10-1959) Maternity clinic at Goundam (23-10-1959)	11.21.301 11.21.302 11.21.303 11.21.304
Republic of Chad	Reconstruction of health centres (16-9-1959) Extension of the Bailli agricultural training centre (16-9-1959)	11.23.401 11.23.402
Togoland	Maternity hospital at Anecho (28-5-1959) Maternity hospital and hospital building at Athiéme (28-5-1959) Ten primary schools (28-5-1959) Modernization of a railway line (23-7-1959) Electrification of cranes at Lomé wharf (23-7-1959)	11.22.101 11.22.102 11.22.103 12.22.101 12.22.102
French Overseas Countries and Territories : Total Number of projects : 51		

Expenditure authorized		Payment authorizations			Expenses incurred
social projects	economic projects	1958	1959	1960 and later financial years	
1,100,000 693,000		1,100,000 693,000			
1,793,000		1,793,000			
2,781,000	4,509,000	1,810,000 1,176,000	971,000 1,676,000	1,657,000	
2,781,000	4,509,000	2,986,000	2,647,000	1,657,000	
140,000 38,000 61,000		140,000 38,000 61,000			
34,000		34,000			
273,000		273,000			
	295,000	295,000			
92,000 143,000 47,000 39,000		92,000 143,000 47,000 39,000			
321,000		321,000			
1,211,000 89,000		1,211,000 89,000			
1,300,000		1,300,000			
29,860 90,180 81,000	294,000 164,880	29,860 90,180 81,000 294,000 164,880			
201,040	458,880	659,920			
1,055,640	19,675,610	21,682,650	7,625,000	5,423,600	6,533
=====	=====	=====	=====	=====	=====

Overseas countries and territories having special relations with	Title of Project (and date of decision)	Serial or accounti number
III — Italy Trusteeship Territory in Somaliland	Construction of a new hospital at Mogadishu (17-6-1959) Number of projects : 1	11.31.00
IV — Netherlands New Guinea	Agricultural research station at Manokwari (11-1-1960) Number of projects : 1 § A — Grand totals for 64 projects :	11.41.00

N. B. The figures shown on this table refer to the gross totals and do not include any administrative costs.

Expenditure authorized		Payment authorizations			Expenses incurred
social projects	economic projects	1958	1959	1960 and later financial years	
1,950,000		500,000	625,000	825,000	
2,026,000		379,000	738,000	909,000	
1,915,640	20,731,610	25,477,650	10,012,000	7,157,600	86,774

