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I. The Association of the Overseas Countries with the European Economic Community

Robert LEMAIGNEN
Member of the Commission

It has been said that the nineteenth century was the century of the explosion of national movements in Europe. It will perhaps be said that, after the atom, the twentieth century was the century of the explosion of nationalism in the underdeveloped countries, in the East to begin with (first half of the century), then in Africa (second half).

The explosions of African nationalism have become almost daily news. Africa is today one of the stakes in world politics, both for the East and for the West.

What, then, is Europe's policy towards Africa, the policy of that Europe of the Six which has traditional links with Africa based on culture, on language, on trade? Of that Europe which today approaches Africa afresh as a Community, offering association of the overseas countries with the Common Market — an association which may doubtless be considered as the first global approach to the problem of underdevelopment, since it covers simultaneously institutions and trade, investments and technical assistance.

In dealing one by one with these four chief headings under which our work falls, I should like to show the great flexibility of the provisions found in the Treaty of Rome. The authors of the Treaty cannot in 1957 have imagined that there was any serious possibility of halting the course of destiny and avoiding all change in the conditions of 25 associated overseas countries, populated by 55 million people, where political development has since then been proceeding at a terrific pace.

POLITICAL DEVELOPMENT — THE ADAPTATION OF INSTITUTIONS

Was not the Treaty of Rome politically out of date overseas almost as soon as it had been implemented? Association with the Common Market, settled at a time when the most advanced of these countries was still no more than semi-autonomous in internal affairs, once again appeared as a status "granted" from above and settled by the metropolitan territories responsible without consulting the principal beneficiaries.

It was all the less easy for Africa, with its characteristic passion for equality, to tolerate such a situation when its accession to international sovereignty

was to take place two or three years later without further ado. There was great danger that the association might be still-born.

What was to be done, in particular, for these associated countries which were day by day gaining their independence and were turning to the European Community to ask it in what way and on the basis of what clauses they could continue their association?

Should the reply be that the transition to international sovereignty constituted a radical transformation of the former conditions, that the former associates were from now on to be considered as non-member countries without any links of association with the Community and that long and laborious diplomatic negotiations on the basis of Article 238 of the Treaty would consequently have to be undertaken? Or was the reply to be that independence did not necessarily mean breaking off existing association relations, once these were freely confirmed by associated countries which had become sovereign states? ⁽¹⁾

Considerations of opportuneness finally weighed the balance in favour of the second solution, which permits more immediate results by avoiding the complications of weighty negotiations in each particular instance; there must in any case be general negotiations for the renewal of the Implementing Convention relating to the Association since the authors of the Treaty were wise enough to restrict the validity of this Convention to the five years ending on 31 December 1962.

Pending these negotiations, the Council of Ministers of the Community has followed the recommendations of the Commission and proposed to Togoland — which has accepted it — a pragmatcal solution which is likely to serve as a precedent for all the associated countries acquiring international sovereignty : in the event of any such country expressing the wish to continue its association with EEC in accordance with Part Four of the Treaty of Rome and the terms of the Implementing Convention, it is possible to meet its wishes until this Convention is revised and replaced by a new one on 1 January 1963.

It was therefore admitted that until this date association relationships would be maintained as a de facto state of affairs ; accession to independence could not interrupt these relations once the parties were in agreement to continue them ; all that is needed, then, is to make arrangements to adjust them provisionally. Togoland has been invited to discuss these arrangements, which will cover procedures for the direct representation of this Republic

(1) The content of the letters of those Heads of Governments of Associated Overseas Countries and Territories which have already expressed their intention of remaining associated with the European Economic Community will be found in Chapter III, secs. 35 to 41 of this Bulletin (Editor's note).

with the European Economic Community if and where, the Government in Lomé does not wish to be represented by the French authorities. It is therefore most probable that the Community will shortly be welcoming in Brussels a Togolese chargé d'affaires who will be associated in one way or other with any work in certain EEC organs which is of interest to Togoland. Similar solutions will probably be adopted for other associated countries which, on attaining international sovereignty, declare that they wish to continue their association with the Common Market.

This important decision shows that EEC considers itself as having responsibilities towards its overseas associates which do not disappear — quite the contrary — when these acquire independence, and that it can imagine flexible solutions, uncloyed by too many legal niceties, capable of adapting the Association to political developments by giving the associates the chance of making their voice heard in Brussels.

EXPANSION OF TRADE

The development of trade between member and associated countries, which is one of the purposes of association, is to be furthered by two principal measures : the progressive abolition, through customs and quota disarmament, of all trade discrimination between the Six in the overseas markets; and the opening of European markets to the tropical products of the associated countries, which will benefit on these markets by the protection afforded by the common external tariff.

In theory, the associated overseas countries cannot lose by these arrangements. This holds true for their imports, as the increased number of sources of supply is likely to exercise on the level of local prices that healthy pressure which can only come from broad competition. It also holds true for their exports, since free access to an expanding market of 160 million consumers must facilitate the disposal of tropical raw materials.

In practice, and although it is naturally not possible in the first year to note substantial changes in the pattern of trade, an analysis of trade statistics for 1959 already yields some interesting facts.

To begin with, contrary to much-publicized fears and even accusations, the preference granted to the associated countries has not resulted in diversions of trade at the expense of other, non-associated, countries. On the contrary, the trade of the six member countries of EEC increased in 1959 by 10 % with Ethiopia, 23 % with Nigeria, 25 % with Ghana, 33 % with the Federation of the Rhodesias and Nyasaland, 51 % with the Sudan and 52 % with Liberia.

Secondly, this increase in trade with the non-associated African countries has not occurred to the detriment of those associated. Although for the latter a fall of about 12 % can, it is true be noted in 1959, the main cause is the changed parity of the French currency which renders direct comparison of the 1958 and 1959 figures impossible, these being expressed in units of account. On the contrary it is interesting — since for the associated countries the marketing of their products is a crucial question — to note that Germany increased its imports from these countries by 17 %, Italy by 33 %, the Netherlands by 9 % and the Belgo-Luxembourg Economic Union by 19 %.

It nevertheless remains true that two further remedies can and must be applied to the extreme fragility of the economy of the overseas countries: industrialization and stabilization of the income of rural producers.

Industrialization certainly helps in this direction; it tends to soften the impact of fluctuations in the prices of raw materials, because semi-finished or finished products, being more easily kept in stock, are much less sensitive to cyclical fluctuations. In this connection it is important to note that the Treaty of Rome, which is an instrument for free trade, has provided for an important exception to free trade precisely for the purpose of protecting the nascent overseas industries against the effects of a competition which would probably prove fatal: Article 133 expressly states that the overseas associated countries and territories “may levy customs duties which correspond to the needs of their development and to the requirements of their industrialization or which, being of a fiscal nature, have the object of contributing to their budgets”.

The stabilizing of the incomes of rural producers is today becoming fashionable but the problem is far from new. In fact, during the last 50 years, the eighteen most important primary products, representing about 90 % of the production of the tropical countries, have experienced annual average fluctuations of 14 % in prices, 19 % in volume and 23 % in export income.

To take a particularly striking example, what really happened in 1958? During that year the fall in the prices of the raw materials produced by the tropical countries was on the average around 20 %. Since sales of these products amount to about \$25,000 million, the poorer countries thus lost \$5,000 million, largely to the advantage of the richer countries.

Now it is generally accepted that the world total of government and private aid to the development countries did not exceed \$4,000 million for 1957-1958. What is the point of investing if the practical effect of the investments is to be cancelled out by the instability of prices for basic products?

It is therefore more urgent than ever to find the elements for the solution of this grave problem. This can be done on two different levels: on the world level first, as the state of certain markets (like that for coffee, where stocks are equal to two years' supply) has reached such a point that only sweeping measures can be of any use, and also, for many other products, on a purely regional plane, by following the regulatory techniques which have proved their worth both in the British territories and in the overseas French and Belgian countries. On this point the Commission has already submitted to the Member States certain suggestions which are still under discussion. The fact that EEC is at present the leading world importer of raw materials (with about one third of the trade in primary products) more than justifies it in taking the initiative in these matters.

CAPITAL INVESTMENTS

One of the chief means of action available to the Community in the associated overseas countries is the European Development Fund (EDF), a Community organ administered by the institutions of the Community. Over the five-year period 1958-1962 this Fund is making a global contribution to the investments of our associates in the form of grants amounting to \$580 million.

There is no point in describing here how the EDF is financed or the rules and procedures by which it operates, since this has been done in an earlier issue of this Bulletin ⁽¹⁾. It is preferable to ask first what positive results have been achieved.

In this connection there can be no denying that the Fund got away to a slow start. In fact, nothing more could be done in 1958 than install the institutions of the Community itself, finalize and approve the regulations of the Fund, and recruit the necessary specialists. The first financing convention with an associated overseas country (Ruanda-Urundi) was therefore signed only on 7 April 1959, and it is indeed 1959 which can be considered as the first year of real activity on the part of the Fund: 69 projects were approved, for a total expenditure of some \$50 million.

The rate of approval of investment projects having risen considerably, 1960 appears as a year of normal activity. On 30 June 1960 the volume of projects launched was already twice that at the end of 1959: 105 projects had been approved for a total amount of nearly \$100 million. It is foreseen that by the end of 1960 the Fund will have committed more than \$160 million in respect of 180 projects.

⁽¹⁾ See Bulletin 2/60, pages 9 to 19.

Let us broaden the scope of this discussion and set the EEC effort against the overall endeavours of the free world to provide financial help for the development countries as a whole.

Mr. Paul Hoffman, Managing Director of the United Nations Special Fund, puts the amount of financial aid to the free world for 1957-1958 at \$2,400 million of government aid (86% bilateral and 14% multilateral) to which must be added \$1,600 million to allow for the flow of private capital to the development countries. Thus overall financial aid is around \$4,000 million per annum. This figure does not seem to have changed appreciably in 1960.

The chief contributors are the UN and IBRD (\$350 million) annually, the United States (\$1,500 million), Great Britain (\$600 million) and France (\$1,200 million). In relation to the national income, it is known that it is a member country of EEC (France) which bears the heaviest burden: the \$1,200 million which it devotes annually to development aid represents more than 2% of the French national income.

According to Mr. Hoffman, the \$4,000 million per year contributed by the free world does not mean more than \$3.20 per head, since it is shared out — very unequally — among 1,250,000,000 people. Considered in relation to this mass of humanity, the additional public aid afforded by the EEC Development Fund (on the average \$116 million yearly) would therefore represent no more than a minute addition to the effort of the free world: less than 10 cents per head.

In fact, this additional aid is applied specifically to 55 million people living in the overseas countries associated with EEC. It thus represents for them a supplementary public contribution of \$2.10 per head added to the bilateral efforts made by the six member countries, to which the European Community's aid is by definition complementary, and also to the investments of private capital which cannot fail to follow the public investments. If a more specific example is desired, the public aid of EEC to the overseas countries maintaining special relations with France (\$100 million annually on average) should be compared with the bilateral public aid which France grants these same countries (\$200 million annually on average). As France has not relaxed its own efforts — quite the reverse — the action taken by EEC evidently means an actual net increase of 50% in public investment in the associated overseas countries of the franc area. This is a considerable contribution.

TECHNICAL ASSISTANCE TO COUNTRIES IN COURSE OF DEVELOPMENT

Technical assistance — or, better, technical co-operation, since this name is now tending to be used in place of the old one — covers all forms of aid

involving the communication of knowledge. It is necessary both before and during the investments; it prepares the way for financial aid and more often than not determines its practical value.

What must be remembered is the enormous and unsatisfied demand from the non-committed countries for supervisory personnel and technicians and, above all, the gap still existing between these unsatisfied requirements and the means at present being made available to the development countries, whatever the scale of these means may be.

The multiplicity of the agencies — multilateral, regional, bilateral, private — interested in technical co-operation is such that it is a delicate undertaking nowadays to obtain an overall view of the results achieved. The EEC Commission, wishing to have a clear picture before laying down a general policy towards the development countries, has had such a composite picture prepared; as far as I know this had never been done before.

This study shows that the present volume of technical co-operation activities financed from public funds in the whole world amounts to \$500 million yearly or a little more than one-fifth of total public aid to all underdeveloped countries. This technical aid, of which nearly half is financed by the six member countries of EEC alone — in particular under bilateral agreements — represents an important response to the demand for technicians and occupational training media. In the world as a whole to-day, it may be estimated that a total of 25,000 scholarships for students and trainees are made available to the underdeveloped countries each year and 52,000 experts, supervisory personnel and technicians brought in from outside.

However impressive these figures may appear, they are tragically inadequate. Mr. Paul Hoffman estimates that 1 million experts, supervisors and trained technicians would be necessary to undertake large-scale development in the 100 backward countries populated by 1,250 million people. In the face of these requirements, it is evident that the 25,000 odd scholarship holders and the 52,000 experts in technical collaboration can do no more than plug up the worst holes.

The European Economic Community therefore wishes to assume its share of the burden in this field too. From the resources of its budget or those of its Development Fund, the Community is already engaging in certain technical co-operation activities for the benefit of the overseas countries associated with it. It welcomes in its services young African and Malagasy civil servants who are enabled to complete their professional training and acquire knowledge of European problems, while inevitably bringing to the Brussels services their invaluable experience as born Africans. The Commission finances planning studies, research for the evaluation of natural

resources (mineral and agricultural in particular), demographic studies, institutions for technical or occupational training.

The Commission is specially concerned to make better use of technical potential at present existing in the six member countries in the form of outstanding research institutes which have long specialized in tropical problems and which are not employed to full advantage. The first emergency measure has just been decided upon: a special programme of 100 scholarships, financed by the Commission's budget, will be applied from the beginning of the next university year for nationals of the associated overseas countries to be given post-graduate specialist training at the institutes of the six member countries.

Finally, the Commission wishes to enlarge its technical co-operation activities by going beyond the associated countries to make its own contribution to the vast effort of co-ordinated aid to development countries at present being undertaken in the West through the newly established Development Assistance Group: this Group has already held two meetings in Washington and Bonn and at the end of September (1) a third meeting in Washington, with technical co-operation high up on the agenda. The EEC Commission has therefore submitted for discussion to the national experts of the six member countries a general plan for large-scale action in this essential field. This plan is based on two concrete proposals:

a) The creation of a European Development Institute managed on an equal footing by the giving and receiving countries; this Institute would work for the benefit of all development countries, on a double task of technical co-operation: on the one hand, occupational training and research, on the other, the dispatch to the underdeveloped countries concerned, and at their request, of field teams consisting of experts in various aspects of technical co-operation with specific missions, in particular the evaluation of natural resources and planning. This Institute, which would make possible an additional effort of technical co-operation on a Community basis, would work in close liaison with a number of institutes and research and training centres which it would recognize as acting for it in the participating countries and in the development countries themselves.

b) The organization, also an equal footing with the receiving countries, of a Regional Technical Co-operation Plan covering the African Continent as a whole. The purpose of this Regional Plan, which would be to some extent modelled on the methods used in the Colombo Plan for South and South-East Asia, would be the co-ordination, without too much red tape, of bilateral co-operation policies. It is important to note that according

(1) The meeting of the DAG in fact took place in Washington on 4 October 1960 (Editor's note).

to the Commission's idea this plan would be very open, both at the receiving end, since it could include non-associated African countries which expressed the desire to participate, and at the giving end, since it would appeal to other European countries outside the Six with responsibilities in Africa and also to the United States, which is already providing substantial support for the Colombo Plan in Asia.

THE KEY-WORD : CO-OPERATION

The conception of the plan which I have outlined itself brings me to the close of this study. We cannot stress too much the idea behind what we are doing for development countries. This idea is the sharing of management on an equal footing between the countries contributing and those benefiting, for the key-word of policy today in the non-committed countries is co-operation.

It is surprising how many technically perfect plans, inspired moreover by the best intentions, have encountered indifference, suspicion, or downright hostility and finally failed purely and simply, because the need for co-operation, and the fact that the development countries have not only their dignity but also rich experience to contribute, were not understood.

This is true in particular of relations between Africa and Europe, whether in the framework of the association with the Community of the Six or in a larger setting. For, to quote from the writings of Gabriel d'Arboussier, the former President of the Grand Council of Dakar, whose words should be meditated by both Europeans and Africans:

“ Europe to-day has need of three elements: space, energy and raw materials. Africa is waiting for men, technicians and capital. The mutual interest of the two continents and the working out of their destiny are to be found in an exchange of gifts ”.

Brussels, 13 September 1960.



II. Statement by President Walter Hallstein

made to the European Parliament on 12 October 1960

in reply to an oral question

from M. Birkelbach, M. Poher and M. Pleven

"The European Parliament,

Requests the Commission of the European Economic Community to state whether to its knowledge the exchanges of views on European policy which have occurred between the Governments of the Six since the last session have affected or are likely to affect the functioning or the role of the various European institutions provided for in the Treaties of Rome".

The Commission has not so far made any public statement on this question. It has certainly been kept informed by the Governments of the Member States, and for this it would like to express its gratitude in this House. However, the ideas were in a state of flux and for a long time were also not precise enough to be the subject of a precise statement. Moreover, the Commission was convinced that those immediately engaged in these discussions would soon agree that for the increased co-operation between the six Governments forms must be found which would be fully consonant with the requirements of our Community. The Commission is under the impression that its conviction has been justified, and it has noted with satisfaction that the parliamentary circles and public opinion in the Community countries have given steady support to this process of clarification.

Even today we may be able to speak of a certain trend of thought, but not of any detailed plan, especially as not all Governments of the Member States have yet officially defined their attitude. In these circumstances, I think that I can interpret the question of the possible effects which the plans now under discussion may have on our institutions not so much as requiring me to deal in detail with detailed schemes but rather as an inquiry about the considerations which underlie any such statement.

The parliamentary question put by this House refers to a process which has become known in public discussion as the "relance politique européenne". This term expresses the feeling that this is a grand design, and the expectation that a movement has been set afoot which will bring us nearer to the goal of political unification for our continent. Any initiative which contributes to the attainment of this goal has a self-evident claim not only to the attention but also to the resolute co-operation of all who serve the European cause from conviction and a sense of responsibility.

Turning now to the relationship between this process and the institutional set-up of our Community, I would say that the consideration which lies at the basis of the Commission's appraisal of the situation is that this institutional set-up is well balanced, has proved itself in practice, and that therefore everything should be done to secure and facilitate the further work of the existing institutions, in order that they may make their full contribution to the economic well-being of our Community, for shaping and strengthening Community consciousness and for the steady advance of the nations and their citizens towards a Community which is also political.

Appreciation of this institutional set-up frequently suffers from a lack of terminological precision. Perhaps the unconsidered use of terms borrowed from national government — for instance of the word “Executive” — has not always been helpful. The scintillating term of “supranationality”, too, has contributed more to confuse than to clarify ideas. Experience teaches us that the use of such ill-defined terms can easily lead to disputes about mere descriptions, frequently about pure semantics, even where there is agreement on the substance itself. It is therefore not superfluous briefly to trace the outline of this set-up.

The major economic decisions in the Community are made by the Council of Ministers, whose members represent the will of the member Governments in Community matters. On certain subjects the Council decides by unanimous vote, on others — whose number increases as time goes on — by a majority vote. I need not say that to incorporate our Community into an organization tied to the principle of unanimity would be tantamount to a decisive change, a weakening, of our organization; it would re-introduce the veto which the Treaty has banished.

The Council, then, is the main organ where the interests of the Member States and those of the Community are constantly balanced out. It is here in particular that common policies are settled and individual policies aligned within the framework of the Treaty. This is sensible, for in the last resort policy is indivisible. Not only is it impossible to take this or that part fully out of its context, but care must be taken to ensure that all its parts are fully dovetailed.

In the statement I made to this House in June, I indicated that there were a number of practical problems concerning the Council's method of work and its efficacy. The Council and the Commission are together considering these points. More intensive co-operation between the Commission and the Permanent Representatives of the Member States is also in preparation.

In order to avoid compromises worked out in the Council on a common denominator which falls short of the Community line laid down in our Treaty, the Treaty contains not only substantive obligations binding on the members of the Community but also provisions concerning the institutions: apart from the use of the majority principle to which I have referred, the most important of these provisions is the establishment of a Commission subject to control by the European Parliament.

As I have said, the major economic decisions in the Community are taken by the Council of Ministers. In the main the Treaty confers a right of decision on the Commission only in those cases where the principles of the choice have already been settled by the Member States in the Treaty itself or by a Council decision, and it reserves the implementation of these principles to an objective body which should enjoy a certain margin of discretion.

It is, however, not this right of decision which is characteristic of the Commission's role in the institutional system of the Treaty. Its role is in the first place to stimulate and to initiate; it is the body whose duty it is to make proposals and to prepare drafts. This role is obligatory in a twofold sense. The Commission must act in order that the Council may act. This impelling, dynamic function is the Commission's duty under the Treaty; it is not a matter of choice.

Moreover, the Commission is the "guardian" of the Treaty. It must watch over its implementation. It must act whenever it discovers any infringement. If necessary it must appeal to the Court of Justice. It was the Governments of the Member States and no one else who entrusted the Commission with these functions when they concluded the Community Treaty, and the six Parliaments when they ratified it; I stressed this in my very first speech before this House in March 1958.

To enable it to carry out its tasks, the Commission has been vested with an important quality: it is independent of the Member States. Instructions may neither be given by nor received from Governments. By this safeguard the Commission is to be enabled to be objective. In the sphere of economic policy at least there exist alongside the arbitrary and discretionary elements which are characteristic of all policy, certain relatively safe, objective criteria of what is good and what is not. This safeguard is intended to prevent, and does in fact prevent, the Commission from taking sides.

I need hardly say that this in no way means that the Commission's attitude is alien to or dissociated from that of the Governments. Since the fundamental decisions are taken by the organ in which the Governments have a voice, it is no more than natural that the Commission should seek to keep in touch with the policy of the Governments at all stages of its work, from the lowest administrative level right up to the co-operation with the Council of Ministers stipulated in the Treaty. This may be regarded as the Commission's third function: that of an honest broker in the finding of compromises between the Governments — or, if you will, in inter-governmental co-operation. There is however one reservation: as the guardian of the interests of the Community, the Commission must never countenance any arrangement which is not compatible with the Treaty.

If we further consider that the Members of the Community enjoy a carefully balanced share of representation and voting rights in connection with Community affairs we will find that there is a twofold guarantee: security (of especial importance in economic affairs) and the maintenance of the equilibrium between

the partners which was accepted in the Treaty as fair and equitable; in other words, the danger has been eliminated of the Community falling under one or other economic or political dominance — and possibly even alternating dominances.

If we survey this whole arrangement, we see clearly that the Commission, if it were not independent, would lack a characteristic which is nothing short of essential to its very being. Such independence is far from tantamount to irresponsibility. The Commission is sworn to the letter and the spirit of the Treaty as well as to the interests of the Community and its constituent countries. The European Parliament is the strongest exponent of this responsibility. This Parliament is not only a consultative organ — important though that part of its work is — where the will of the Community is constantly being crystallized. It is also a controlling organ. Our Community is a democratic Community and so there cannot be within it any executive organ without control. The Commission is controlled by Parliament. It may be said that the Parliament's power to dismiss the Commission has so far been evident as a power in being rather than through exercise in practice. However, daily experience is teaching us that this control is not rendered any less effective thereby; especially in the form of the continuous need to give account of our work to the parliamentary committees.

In this way two things are ensured: since control lies with a European Assembly any biased or one-sided action of the Commission is prevented and, incidentally the link-up with the interests of the Member States doubly guaranteed, at least during the initial years, by the fact that the members of the European Parliament are at the same time members of their own national legislative bodies. Secondly, daily contact with the Parliament and the Committees ensures that the Commission's work remains closely linked to political reality.

As a whole, then, this institutional system is self-contained, convincing and free from any inherent contradiction. But more than that: since it is not an end in itself, its worth can be gauged only by its suitability to the purposes for which it was established. These purposes are, in the short view, economic union, the merging of the economies of the six States — in his historic declaration of ten years ago Robert Schuman called it practical solidarity — and, in the long view, political union.

Today we need no longer rely on our imagination in applying this yardstick. We have behind us almost three years of experience in which the system has repeatedly been put to the test in all fields and at all levels of the Community's policy. This enables us to say that our organization has proved itself to the hilt. The build-up and the translation into practice of our Community have proceeded according to programme. Co-operation between those responsible for the Community's affairs, and between them and authorities in the Member States is satisfactory and contains no more imperfections than are inherent in all the works of man. Economic policy and economic activity in the Member States are coming constantly closer together (statistics for the first half of 1960 show an increase of trade within the Community

of almost 34 % over the figures for the first half of 1959). The Community as a fact and a necessity is striking root more and more firmly in the consciousness of our nations. Internally and externally it stands secure and respected. I think there is as much agreement on all this as there is on the fact that any looser link-up would not have brought about these results.

Since this Community is, however, not static but in ceaseless movement, the best guarantee of progress lies in its being well ordered. It is this, and not any spirit of conservatism, which makes us believe that the existing order of things should not be changed.

We need not expressly say that we are glad of anything which means the advance of our Community into the specifically political sphere. We are convinced that we are making a contribution to this advance when we point out that no better institutional guarantee than the present can be found for the material and psychological strengthening of our Community under the Treaty.

Let me summarize :

The Commission hopes and believes that it can assume general agreement :

That our Community is successful and that its success must be maintained, continued and increased;

That the existing institutional set-up has contributed to this and will continue to do so;

That the spirit and the letter of this set-up must be maintained;

That support of these principles will provide the best contribution to the unchanged and undiminished aim of political union, to which our work too is a contribution; and

That applause and encouragement should be given to any initiative which will take us beyond present achievements into the sphere of political unification.

THE DEBATE

The above statement was made by President Hallstein during the debate opened by M. Emilio Battista, chairman of the Committee on Political and Institutional Questions, concerning the advisability of submitting to the Commission of Euratom, the High Authority of ECSC and the Commission of the EEC, in accordance with Article 28 of the Rules of Procedure, the questions tabled by M. Birkelbach, M. Plevin and M. Poher.

Opening the debate, M. Battista had summarized his report ⁽¹⁾ on the talks which the President of the French Republic had had in turn with each of the Governments

(1) Document 68 of the European Parliament of 6 October 1960.

of the other five countries, the subsequent discussions between these Governments (the Venice Conference of 16 August between the Netherlands and Italy; the Brussels meeting of 29 August between the three Benelux Ministers; the Rome discussions of 30 August between Italy and Belgium; and the Varese talks of 2 September between the Federal Republic and Italy) and General de Gaulle's press conference of 5 September, of which he quoted the main passages dealing with European affairs.

M. Battista stressed that it was impossible to alter the course set when the European institutions were established, and that the political unification of Europe remained the ultimate goal.

On the subject of the three Communities, M. Battista said that new plans for carrying the building of Europe a stage further must not reduce, but should rather strengthen, the authority exercised by the Executives.

M. Battista warmly welcomed the plans for periodical meetings between qualified representatives of the states or governments as suggested by the President of the French Republic in his press conference, but felt that it would not be necessary to set up a political secretariat or any new permanent organization for this purpose. He recalled that the Council had already suggested last year that the Ministers for Foreign Affairs should have quarterly meetings, and added that they could, if necessary, do so even every other month.

In his closing remarks M. Battista emphasized that the draft convention adopted by the Assembly and submitted to the Council on the question of election to the European Parliament by direct and universal suffrage would confer greater political importance and added prestige on the Assembly.

Speaking before President Hallstein, President Hirsch and President Malvestiti had replied on behalf of the Commission of Euratom and the High Authority of the ECSC.

In a very brief speech M. Hirsch confirmed the intention of his Commission to watch over the implementation of the Treaty of Rome; supported by the confidence of the Assembly and moved by the European spirit of which the three Communities had given proof, they would " fulfil a mandate which we have neither the right nor the wish to question. "

M. Malvestiti, President of the High Authority, stressed that " from what has been learnt of the consultations between the Heads of Governments of the Six, there are no grounds for asserting that the Treaties of Rome and Paris are open to debate ". On the contrary, the building of Europe was to be carried further and rounded off by new institutions covering those fields which lay outside the scope of the Treaties; the basis of these discussions had been the absolute need, which everyone accepted, to go ahead with the building of Europe and to increase its strength.

Speaking on behalf of the High Authority in support of the principle of supra-nationality, without which no progress could be made towards a united Europe, M. Malvestiti concluded with the words: "On this principle we cannot but be adamant".

The statements by the Presidents of the three Executives were followed by a debate in which M. Birkelbach, M. Pleven and M. Poher, speaking for the socialist, liberal and christian-democrat groups respectively, declared that the necessary European integration could not be brought about in any way other than that indicated by the Treaties of Rome and Paris. They none the less accepted the idea of periodical meetings between the Heads of Governments as suggested by the President of the French Republic, and welcomed his statement that, once Europe was established on the technical plane, it was necessary to build Europe politically.

Referring to President Hallstein's reply, M. Birkelbach emphasized that it was not the Commission's duty to work out compromises but to implement the Treaty of which it was the guardian: the juridical foundations of the Treaty must be respected, the successive stages of its implementation had a strong impact on the economy of each of the Member States. Any halt in the expansion that had been planned could entail disastrous consequences, especially for the economy of the smaller countries, which could become completely dependent. M. Birkelbach added that the implementation of the Treaties involved growing and ever closer co-operation; the Treaties of Rome and Paris had started a train of development which would have political consequences for the Governments.

Moreover, the alignment of the conditions of competition, which require national legislations to be co-ordinated, provided a special justification for the existence of an independent supra-national institution.

M. Birkelbach was not opposed to the idea of conferences between Heads of State or Heads of Governments whenever there was a problem which could not be solved except by a political decision. He concluded by saying that in the view of the socialist group, government consultations on foreign policy and defence should not be limited to the Six; the internal strengthening of the Community of the Six was no impediment to closer co-operation with the other democratic countries of Europe.

M. Pleven felt that the conversations on the "relance européenne" between the Heads of Government of the Six had at least one merit: they had shown appreciation, on the level of the national governments, of the fact that the building of Europe could not be left at the point reached once the Treaties of Rome had come into force.

"The meetings which have taken place between the Heads of the European Governments and those which will follow are the recognition of something that has long been evident to many of us: the unification of Europe cannot mark time, the cause of Europe cannot stand still; it must either go forward or go backward.

In which of our countries would the people, if put before the clear choice, decide to go backward ?

Anything that gives rise to discussion... can produce good, even though it may at the beginning cause doubt or suspicion. To take the initiative always means exposing oneself, always involves taking a risk. Those who never propose anything and never make any suggestions escape criticism, but they can be sure that they will not escape oblivion. The good result of the gatherings of this summer is that they have once again drawn the attention of Europe to the problem of political unification. They mark a new psychological and political start, and the European summit conference which now seems to be assured for next November may be the beginning of a new phase in Europe. "

M. Pleven expressed his agreement with President Hallstein's analysis when he considered that the great experiment of economic solidarity which is the Common Market had been put firmly on the rails by the European institutions. But, went on the spokesman of the liberal group, " what has not functioned so well is the Council of Ministers ". The spirit of particularism, of national egotism, of nationalism has often found a refuge there. The Council has been the brake, the obstacle to many constructive moves and proposals from the Executives. To favour a development of the European institutions by which the Council of Ministers would gain further ascendancy over the Executives would therefore be to disregard experience.

" Any plan to reduce the Executives' necessary independence of the Council of Ministers, any plan to withdraw them from the control of our Assembly, any plan which would lead to the abolition of their responsibility to us, the elected representatives, and to replace it by responsibility to the Ministers would be not a step forward but a step backward on the road that leads to European unity. The members of the Executives cannot and must not be reduced to the role of experts, however eminent, at the disposal of the Council of Ministers. Their prestige, their power, their moral authority stem from the role entrusted to them by the Treaties which is that they should at all times propose whatever may bring nearer that ultimate goal of these Treaties, the creation of Europe. "

M. Pleven asserted his belief that " to imprison Europe in the rule of unanimity is to condemn it to death ".

He concluded : " There will be no Europe until the day when both the Council of Ministers and the Commissions have to defer to a European Parliament in certain spheres, where a European Assembly is empowered to legislate in certain carefully and very cautiously defined fields. "

M. Poher thanked the three Executives for having agreed to this debate and said " the Treaties of Rome and Paris require us to define ... a common policy in a number of fields such as agriculture, economics, finance and social affairs; such common policies pre-suppose that a common political will has been conceived, sketched and translated into practice. "

“ The Christian-Democrats ”, he added, “ approved of the proposed periodical meetings of the national leaders responsible for European policy. In view of the trend of world affairs we are grateful to the President of the French Republic for his clear statement that beyond the technical establishment of Europe we must establish political aims for Europe. It is no longer thinkable that one of the countries of the Europe of the Six could embark upon a policy without informing the others, and it is no longer possible for one of them to commit the others by its action or policy without having first consulted them ”.

“ I go even further, and on behalf of my group draw this conclusion from the statement by the President of the French Republic. It is perfectly clear : the views of one country can no longer be imposed upon the others. Therefore — and here I take up what M. Pleven has said — I conclude that since we have to make a political entity of Europe, this can only be done by unanimous decision, because otherwise it would be possible for one country to force its solutions on the rest. ”

“ Speaking on behalf of the Christian-Democrat group, I must say that we still favour the ideas we have so often upheld in this House. Recalling the November debate, I can state once again that we wish to see the structure of the Communities developed further and to unite them in the spirit and the letter of the Treaties. Come what may, we shall continue to favour ideas which in fact coincide with our own, such as the merger of the Executives, the desire to clear up differences between the European Economic Community and the European Free Trade Association, and the plan to set up a European University. ”

Speaking after the Chairmen of the political groups, M. de la Malène ⁽¹⁾ said “ the idea of federation and the idea of confederation are not contradictory, they support one another ”. Referring to the coal crisis, he recalled that to overcome it the use of political forces had proved necessary, “ because our solidarity is political to begin with; it will be economic tomorrow ”.

He added, “ Our Communities also require this political power in order to arbitrate on differences of view. We know very well that if economic problems are discussed in isolation it is difficult to settle them. Let me take an example which I hope our Italian friends will not take amiss. They are in favour of Community protection for fruit and vegetables but they do not want any such Community system for petroleum. ”

“ Somebody will have to arbitrate between petroleum and fruit and vegetables; it is only those with political power who can do so. ”

“ Supranationality not backed by a permanent political will has fairly narrow limits, which are reached as soon as the vital interests of states are touched. ”

M. de la Malène concluded by saying that “ the proposals made during the summer months are in no way injurious to the Communities. ”

(1) French Deputy, UNR.

The next speaker, M. Illerhaus ⁽¹⁾, pointed out that the proposals of the President of the French Republic made it necessary for parliaments and public opinion in our countries to define their attitude; elections based on universal and direct suffrage could hardly have their full effect so long as the people knew so little about the Common Market. M. Illerhaus emphasized that, together with the duty to provide information, the first need was to strengthen collaboration between the Commissions and the Parliament : the latter should be able to make its views known on Commission proposals even before these were laid before the Council. In this way the Parliament could support the Commissions in their co-operation with the Council.

M. Peyrefitte ⁽²⁾ defined his position as being outside "vain considerations of orthodoxy". Rigid and pedantic intransigence makes a poor European. In fact we are not faced with a choice between the proposals of the French Government and other proposals; we have to choose between these proposals or none. Therefore to reject them on the grounds that they are not entirely orthodox would not mean to replace the possibilities of confederation which they represent by possibilities of federation; we would not be producing political integration from the ashes of political co-operation; we would be forcing Europe to mark time."

After referring to the statements made by earlier speakers, M. Peyrefitte asserted that "a federation is a confederation which lasts" and declared that European co-operation must not deflect us from building up the Common Market but we must remember that to implement it pre-supposes close political solidarity amongst our six countries."

M. Vals ⁽³⁾ quoted certain passages from the press conference given by the President of the French Republic and found that apart from the new idea of a referendum they contained exactly the same ideas which the militant Europeans and the founders of the first European institutions had opposed in 1953. He underlined the efficacy of integration, of which the ESCC, the Common Market and Euratom offered an example, as compared with what one could expect of an association such as the Council of Europe, and added : "There are some of us here, I repeat, who somewhat distrust new proposals even though they be drawn up in terms as noble as those we have heard. We prefer to keep our feet on the ground and to hold on to what we have."

"There are moments", M. Vals went on, "when I feel myself fiercely conservative"; this happens when democratic liberties are at stake, when the defence of the rights acquired by the working classes is at stake, when, as at present, the defence of the European institutions is at stake. We believe that here we have something which can make possible the political integration which we desire, because this is in the spirit of the Treaties of Rome and Paris. For that reason we have, making use

⁽¹⁾ German deputy CDU.

⁽²⁾ French deputy UNR.

⁽³⁾ French deputy, socialist.

of the Treaties as they stand, drawn up a proposal for the election of a European Parliament by universal suffrage. We are convinced that once such a Parliament is elected by the peoples it will automatically obtain powers and it would be able to become the political body that would arbitrate. ”

M. Dehousse ⁽¹⁾ also referred to General de Gaulle’s press conference and pointed out that certain phrases had all the characteristics of a “ dogmatic and unproven assertion ”. “ Where is it laid down that states are the only units which have the right to issue orders and the power to make themselves obeyed ? In practice and in present circumstances I agree that this is so, but even the least experienced sociologist will tell you that states have not always existed and will not necessarily exist for ever. Why, therefore, claim that any philosophy of international relations must rest on co-operation between states and nothing but states ? ”

Taking up the ideas unfolded in turn by the various speakers, M. Dehousse ended by saying that there were two types of Europe which we should eschew.

“ There is first of all “ l’Europe des patries ”. I say this quite frankly because we know this kind of Europe : it has led us to 1914 and to 1939; we belong to a generation which is not anxious to go through this experience again.

We must further avoid the Europe of business. Too often certain Communities create the impression, in democratic and especially in working class circles, of being acceptable to the employer because they favour his interests.

Let us steer clear of these two sorts of Europe. The only Europe which deserves all our support, the only true Europe, is quite simply the Europe of the peoples. ”

The last speaker, M. Van der Goes van Naters ⁽²⁾, said that ten years ago “ the idea of integration, the idea of supranationalism, was no more than a theory. Now it has become real and effective practice. Why then oppose this practice from the point of view of theory ? Does it threaten any values ? I do not think so. The existence of our countries, of our “ patries ”, is not menaced by it. It is precisely to defend our countries against threats, amongst others the economic threats to which M. de la Malène has referred, that we have established the indissoluble bond constituted by the Treaties of Rome.

Is a referendum more democratic than elections ? On the contrary, the essence of parliamentary democracy lies in the selection, the free choice of trusted men whose duty it is to shape the law. Legislation by referendum is likely to be oligocratic rather than democratic. ”

Recalling that the decision on acceleration, taken by the Ministers but affecting the entire fate of the Community and therefore to be regarded as a “ community ” decision, had been introduced in the official texts by the words “ the representatives of the

⁽¹⁾ Belgian senator, socialist.

⁽²⁾ Netherlands senator, socialist.

Governments... meeting in the Council...”, M. Van der Goes van Naters asked “ why, M. President, cannot the same formula be used for the foreign policy of the Six ? ”

The socialist speaker concluded his remarks as follows : “ We well remember the time when in this country words were more European than deeds. ”

“ At the moment we can say that many deeds are European; let us hope that the words will follow. ”

Closing the debate, M. Furler, President of the Assembly, stressed its importance : “ It is evident that it is most important for this Parliament to make sure that the institutions subject to its control shall not have their rights reduced or the powers they derive from the Treaty diminished. ”

“ This Assembly ”, M. Furler continued, “ is and remains the only parliamentary body of the European Communities. We note that nobody proposes to set up some other assembly, or to reduce our economic or political role. On the contrary, these tasks must be extended and the position of the European Parliament strengthened. ”

“ New forms of co-operation between states cannot by-pass the Assembly : new developments in European political co-operation must therefore lead to a strengthening of the Assembly’s position. ”

III. The Activities of the Community

RESIGNATION OF A MEMBER OF THE COMMISSION

The Italian Government has appointed Prof. Giuseppe Petrilli, a Member of the Commission, President of the "Istituto Ricostruzione Industriale" (IRI) which is the main state organization for the guidance, co-ordination and expansion of industry in Italy. M. Petrilli has therefore resigned from the Commission of the EEC. Speaking on behalf of the Commission, President Hallstein has expressed his great regret at M. Petrilli's departure and has congratulated him on the important post to which he has been appointed by the Italian Government.

EXTERNAL RELATIONS

Association of Greece and Turkey with the Community

1. The negotiations for the association of Greece with the Community continued without interruption during the month following the discussion in the Council on 6 and 7 September 1960 ⁽¹⁾. These negotiations have advanced matters considerably and the preliminary draft of an association agreement with Greece will be discussed during the coming weeks.

The association of Greece and the Community will take the form of a customs union to be established according to a time-table in harmony with that of the Treaty of Rome.

A large measure of agreement has been reached on a number of important problems. Points discussed included in particular the way in which the Greek tariff may, according to circumstances, either move ahead or lag behind the common customs tariff, the abolition of quantitative restrictions on imports, the right of establishment, transport, rules of competition, and escape clauses.

A certain number of points remain to be cleared up. It has not proved possible to keep to the time-table laid down, under which the agreement was to be initialled at the end of September, but it is hoped that it will be possible to sign the agreement before the end of the year.

2. The Turkish Government having announced its intention of resuming the negotiations initially planned for June 1960 and postponed at its request, ⁽²⁾ talks between the Commission and a Turkish delegation re-opened on 14 October 1960.

⁽¹⁾ See Bulletin 6 & 7/60, Chap. III, sec. 9.

⁽²⁾ See Bulletin 5/60, Chap. II, sec. 4.

Relations with non-member countries and international organizations

3. The Preparatory Committee set up by the Ministerial conference on the re-organization of the OEEC ⁽¹⁾ held its first meeting on Wednesday 14 September under the chairmanship of M. Kristensen, Secretary-General designate of the OECD.

In an introductory paper M. Kristensen outlined the tasks of the Preparatory Committee and the procedure he wished to see adopted.

The Preparatory Committee will deal with three issues :

- 1) The final wording of the draft convention;
- 2) The structure of the new organization;
- 3) The review of the Acts of the OEEC.

The first two points will be given priority treatment by the Preparatory Committee with the assistance of drafting committees. The review of the Acts of the OEEC will be done by expert working parties, of which there will be a certain number :

a) A sub-committee to deal with commercial questions; its terms of reference were laid down by the Ministerial Conference in July and say that it will work out the ways and means by which the new Trade Committee to be set up within the OEEC will carry out its functions;

b) The problems connected with the European Monetary Agreement will be handled by the Board of Management of the EMA which will report to the Preparatory Committee on any amendments to be made to the existing instruments;

c) Invisible transactions and capital movements will be studied by the Committee for Invisible Transactions. The Commission will take part in this work through the Directorates-General concerned;

d) Questions concerning agriculture and fisheries will be studied by the Committee of Deputies of the Ministerial Committee for Agriculture and Food.

The Preparatory Committee intends to meet as frequently as possible in order to complete its report by 10 November 1960.

4. The Commission was invited to attend the Inter-American Economic Conference in Bogotá from 5 to 15 September 1960 as an observer. This third meeting of the OAS " Special Committee to study the formulation of new measures for economic co-operation " has produced a programme for social improvements on the Latin American continent and for reducing internal strains which have impeded its economic development.

Among the resolutions adopted by the Bogotá Conference two are of special interest to the European countries, in particular those belonging to the European Economic Community. The first deals with Europe's participation in the economic development of Latin America and contains a pressing appeal to the countries of Western Europe for measures to encourage imports from Latin America. It also expresses the hope that European countries which are exporters of capital will substantially increase their share in the financing of the economic development of Latin America countries which are in need of long-term credits.

The second resolution concern "the establishment of relations between Latin America and the European institutions". This means particularly the European Economic Community. The resolution proposes that a procedure for mutual consultation be established with OECD, that an OAS observer ⁽¹⁾ attend meetings of the Committee on Trade Problems, that regular relations be established between the European Economic Community and the South American States and, finally, that the European Economic Community study the possibility of establishing one or several information and liaison centres in Latin America.

Liberalization vis-à-vis non-member countries

5. In the summer months of 1960 most Member States took further steps to extend liberalization vis-à-vis non-member countries.

The Benelux countries did so on 1 July 1960.

In Italy liberalization measures vis-à-vis Japan were taken on 9 September and covered some 500 tariff items.

On 24 September 1960 the French Government carried out further measures of import liberalization vis-à-vis the OEEC and dollar area countries. France has likewise extended its liberalization measures for a certain number of items vis-à-vis others members of the GATT.

At the end of September 1960 the degree of liberalization attained by the Member States vis-à-vis OEEC countries had reached 92.5% in the Federal Republic of Germany, 97% in Benelux, 92.55% in France and 98.4% in Italy ⁽²⁾.

Inter-European trade problems

6. The study group of the Committee on Trade Problems held its second meeting in Paris on 6 and 7 October 1960. It has agreed to give priority to the problems raised by co-ordination of the line to be taken by members at the Dillon negotiations; such co-ordination is regarded as the foremost means by which the inter-European

⁽¹⁾ Organization of American States.

⁽²⁾ See Bulletin 5/60, Chap. II, sec. 13.

trade difficulties can be mitigated. The Committee has decided that with this end in view all the Member States of the European Free Trade Association and of the Community shall classify the products under review at the study group in accordance with the ratio between imports from European countries and total imports; for this purpose internal imports within the Community or within the European Free Trade Association will not be taken into consideration. This will be a purely statistical classification and will not in any way commit any state or group of states so far as the Dillon negotiations are concerned, but is intended to facilitate agreement within the study group on co-ordination of the final instructions given to the representatives of the states or groups of states at GATT.

The last meeting of the study group took place in Paris on 27 October 1960.

The Community and GATT

7. The 1960-1961 Tariff Conference opened on 1 September in Geneva ⁽¹⁾. The first weeks were devoted to procedural debates and the real negotiations were somewhat delayed by such difficulties as the request made by non-member countries for further time to study the offers made by the Community under Article XXIV (6) of the General Agreement. These countries also asked for much supplementary information of a statistical nature, thus considerably adding to the Commission's work.

The Tariff Negotiations Committee has held several meetings. Mr. Wyndham White, Executive Secretary of GATT, has been elected chairman of this Committee and rules of procedure have been adopted. The Committee had also agreed on its programme of work, which deals, inter alia, with the documentary material to be received, the procedure to be followed for re-negotiations under Article XXIV (6) and the preparation of the second stage of the Conference with its further round of multilateral tariff negotiations. The Committee has ruled that the procedure to be followed in re-negotiating is that laid down in Article XXVIII of the General Agreement and that consequently the negotiations will deal with products one by one and the discussions will be bilateral. The first negotiations began during October.

ECONOMIC AND FINANCIAL AFFAIRS

Economic trends

8. Issue No. 9 of "Notes and diagrams on economic trends in the Community" (September) has been published. It contains information on such points as the

rhythm of growth in industrial production, the decline of unemployment during the summer, consumer prices, output in the metal processing industry, share quotations and long-term interest rates.

Group for the co-ordination of policy on credit insurance

9. The Council has agreed to the setting up of a group for the co-ordination of policy on credit insurance, guarantees and financial credits ⁽¹⁾. The task of the group will be

a) To formulate suggestions on how the Member States — to the extent that this is a matter within their competence — could harmonize the conditions of export credit insurance, financial credits and investment guarantees in the light of the Berne Union rules on export credit insurance and the studies in this field carried out by organizations in the Member States;

b) To seek suitable means to encourage the multilateral handling of the financial resources placed at the disposal of the development countries;

c) To further consultations and the exchange of information on all concrete problems within its competence;

d) To formulate suggestions in its field of competence with a view to co-ordinating the positions adopted by the Member States and their specialized institutions when these matters are dealt with in international institutions.

The group will be composed of a very limited number of delegates from each Member State and from the Commission. It will report periodically to the competent authorities and will establish its own rules of procedure.

Energy policy

Meeting of the group of petroleum experts

10. The group of petroleum experts held its second meeting on 27 September. It worked out a questionnaire on imports of petroleum products from all countries; the questionnaire deals with the quantities imported, the qualities and the prices.

The expert group also agreed on the information to be collected in connection with investments. A draft questionnaire is to be submitted to the delegations for approval.

Meeting of the Inter-Executives Working Party on Energy

11. The Inter-Executives Working Party met in Brussels on 10 October under the chairmanship of M. Hellwig. It examined problems arising from the urgent need to co-ordinate energy policy in the European Economic Community.

⁽¹⁾ See Bulletin 6 & 7/60, Chapter III, sec. 14.

The working party took note of the drafts prepared by the EEC Commission and the High Authority of ECSC and instructed an ad hoc group to prepare, on the basis of these proposals, a document summing up the points at issue for the next meeting of the Inter-Executives Working Party fixed for 31 October.

Statement by M. Marjolin to the European Parliament

12. At the session of the European Parliament on 14 October 1960 M. Marjolin, a Vice-president of the Commission, commented on a report made by M. Posthumus and referred to problems connected with the petroleum and natural gas industry. He reminded his listeners that the petroleum industry is producing a growing share of the energy indispensable for the operation of our economy and that its part in the total supply of energy is destined to increase by about 8% annually during the next few years. He pointed out that in the last twenty or thirty years this industry had shown extraordinary vitality in ploughing back a very large portion of its profits. Referring to recent trends on the petroleum market M. Marjolin stated: "All the information available to-day indicates that the fall which has begun will continue and that, given the special conditions governing price formation in the petroleum industry, it is not possible to predict exactly when it will end."

"We consider", M. Marjolin added, "that the abundance of petrol and even the fall in the prices of petroleum products are favourable factors in so far as they enable Europe and the other countries of the free world to obtain their supplies of energy on better conditions."

"However, this trend poses problems which we will have to examine in a separate debate dealing with the co-ordination of energy policies. To-day I wish merely to stress that this downturn involves the risk of considerable divergence in energy prices appearing in our various countries."

M. Marjolin mentioned the considerable differences in the prices paid for heavy fuel in the different Community countries, and went on:

"If this state of affairs continues and worsens, it may well become very difficult to end this splitting up of the market for energy products, and the establishment of a common energy would become an ideal beyond our reach."

"The seriousness of this situation will be understood if we remember the role of energy in economic development. An appreciable distortion of costs in important industries would result from it and might jeopardize the complete achievement of the common market. The approximation of energy prices in the six countries is one of the major tasks of the Inter-Executives Working Party, and these various questions will have to be examined in the light of the proposals to be made by the Working Party."

M. Marjolin continued his statement with a few remarks on the problems arising from Soviet exports of petrol to Europe and, still basing himself on M. Posthumus' report, on the question of the preference which might be accorded to petrol from the Sahara.

THE INTERNAL MARKET

The second reduction of customs duties amongst the Member States

13. On 1 July 1960 the Member States of the EEC made the second reduction of their customs duties in accordance with Article 14 of the Treaty.

The preliminary results of a general examination of the legal provisions used to implement the second reduction can be summarized as follows :

Federal Republic of Germany

In the Federal Republic of Germany the second reduction was effected throughout by the across-the-board method. In cases where this led to fractions in the duty rates, these fractions were rounded off to 0.5% or to the next lowest unit.

The reduction by 25% of customs duties on the great majority of industrial products which was made in the Federal Republic of Germany on 20 August 1957 to meet developments in the economic situation covered the first two reductions on these products required under Article 14 of the Treaty. As the 1957 reduction was applied to non-member countries as well as to the Member States of the EEC, no tariff preference for the latter has been created.

The reduction which the Federal Republic of Germany had to make on 1 July 1960 referred to agricultural products and some 40 tariff items for industrial products only, the latter, mostly in the textiles and leather sectors, not having been included in the 1957 reductions.

The Federal Republic of Germany has not extended *erga omnes* the second reduction made in respect of non-member countries and subject to the limits of the common customs tariff.

In view of the reductions already made to meet developments in the economic situation such an extension could in any case have applied to a very restricted number of duties only.

Benelux

The reduction was made across the board without tenths of a percent being rounded off. The provisions by which the second reduction of customs duties is implemented

in the Benelux countries lay down that this reduction shall apply to all duties. The reduction reduces EEC duties to 80% of the basis duties.

The Benelux countries have provisionally extended the reduction of customs duties to non-member countries, subject to the limits of the common external tariff. This applies to 111 items of their internal tariff. For these products, therefore, the duty applied to EEC countries and that applied to non-member countries are equal.

France

The reduction has been carried out entirely by the across-the-board method. The second reduction covered all customs duties applicable to goods entering the French customs territory, with the following exceptions :

a) Duties applicable to products listed in Chapter 24 (tobacco) so far as continental France and Guadeloupe are concerned. The reduction of customs duties applicable in these countries under the Community system has been linked with the more general problem of adjusting tobacco monopolies.

b) The duties applicable to refined petroleum products, as the level of these duties is at present still below that of the basic duties reduced in accordance with Article 14.

Italy

The customs duties, which had been reduced by 10% on 1 January 1959, were on 1 July 1960 reduced by a further 10% of the basic duty; in an across-the-board reduction covering all products. Excluded from the second reduction are those products for which Italy had requested during the negotiations on List G that the market should be isolated; nor has any reduction been made in customs duties on manufactured tobacco (tariff item No. 24.02-a) as this question is linked with the wider problem of the adjustment of the tobacco monopoly.

Italy has not extended to non-member countries the second reduction within the limits of the common external tariff, which will shortly be the subject of negotiations within the GATT.

The common customs tariff

14. Following upon the decision of the Council taken on 6 and 7 September 1960 on the rate in the common customs tariff for raw tobacco ⁽¹⁾ the Representatives of the Governments have agreed on the interpretation to be given to that decision; this authorizes the Commission to communicate the new tariff to the Contracting Parties of GATT (a mixed duty composed of a 30% ad valorem duty with a specific

minimum duty of at least 29 and a specific maximum of at most 42 units of account per 100 kg.); there is an Italian reservation on the rate for wrappers.

COMPETITION

Rules for enterprises

15. On 27 and 28 September the eighth conference with government experts on understandings was held in Brussels at the invitation of the Commission. The main feature of this conference was a thorough discussion with the experts concerning the directives to be issued under Article 87 of the Treaty. It examined in great detail a memorandum from the Commission proposing transitional rules for existing understandings and settling the legislation on the new understandings referred to in Article 85 (3), and also certain rights of the Commission to be informed. It was agreed that the preparation of a first regulation under Article 87 must in no way slow down the task of finding what infringements of the rules of competition have taken place or investigating them in accordance with the procedure of co-operation so far applied between the Member States.

On 29 September 1960 the officials of the Member States appointed to study the problems of understandings met in Brussels on the invitation of the Commission in order to examine certain special cases. They dealt with a considerable number of concrete cases; the discussion turned on the assessment of their legal position and on the procedure to be adopted in dealing with them.

The number of individual cases studied by the Commission has increased; they include cases investigated ex officio and others brought to the Commission's notice by the authorities of the Member States.

16. A first draft of the regulation which, under Article 87 of the Treaty is required for the application of the rules on competition applicable to enterprises (contained in Articles 85 and 86) was sent to the Council of Ministers at the end of October. The draft regulation confirms that understandings falling under Article 85 are prohibited and null in law if they have not obtained an exemption from the prohibition in accordance with Article 85 (3) of the Treaty. The draft lays down the detailed procedure for obtaining such an exemption, which would be granted by the Commission after an examination undertaken jointly with the competent authorities of the Member States. The draft provides for a simple and rapid examination procedure.

A further purpose of the first regulation is to ensure that the Commission and the Member States are adequately informed by a system of obligatory notification concerning some types of understandings among those likely to present the most grave danger for the development of the Common Market. These arrangements for notification are supplemented by a right of investigation established by Article 89

of the Treaty. The procedure laid down for the implementation of Article 85 (3) will also contribute to keeping the Commission and the Member States better informed.

A transitional system is planned to permit existing understandings to be adapted to the rules of the Treaty.

As may be seen from the above, the provisions of this first regulation are to be applied in close co-operation between the Commission and the national authorities, and everything possible will be done to obtain the collaboration of those concerned, in particular in the matter of possible adaptations of agreements to render them compatible with the provisions of the Treaty. (1)

Dumping practices

17. The Commission has received new requests under Article 91 (1); like earlier requests, these were immediately investigated.

The publication of the implementing regulation for Article 91 (2) has given rise to questions which necessitate a joint study with the government experts on dumping. It is therefore intended to organize a second dumping conference in Brussels, to be held in October.

State aids

18. From various quarters government plans have been put before the Commission under the procedure contained in Article 93 (3) of the Treaty. It is noted with satisfaction that the Member States seem to have taken the necessary steps to ensure the smooth working of this procedure.

A French draft law, since promulgated, allows the competent authorities to make it easier, in exceptional cases, for foreign countries, and in particular the countries in the course of development, to obtain credit for the purchase of equipment goods. In view of the nature of these provisions the Commission has found it advisable to note them and reserve the right to watch how they are implemented.

There has been increased contact with the government agencies concerned in order to complete the Commission's information on existing aids. This was done mainly through talks in the European capitals on the methods used to encourage economic expansion, either generally or within certain regions; for it is not possible to judge a system of aids without knowing as precisely as possible the conditions under which it operates.

Similar enquiries have also been carried out in specific fields, particularly those of aids to exports, to shipbuilding and the cinematographic industry. These enquiries

(1) The next Bulletin will contain more complete information on this regulation.

will provide the subject matter for multilateral meetings during the last quarter of this year.

On a more general level the Commission has decided how the supervision of state aids is to be carried out in those sectors where it has so far been considered best to postpone action either because of explicit provisions in the Treaty or because of the nature of the sectors concerned, namely agriculture or transport.

19. The Commission studied the measures recently introduced in Italy concerning compensatory import levies and export drawbacks in connection with turnover taxes ⁽¹⁾.

It contacted the Italian, Belgian and Netherlands administrations with a view to preparing the multilateral meeting of experts on 26 and 27 October for discussion of the changes introduced in this field between 1 January 1958 and 1 September 1960 by Belgium, the Netherlands and Italy.

SOCIAL AFFAIRS

The European Social Fund

20. The Council has appointed the members and their alternatives of the European Social Fund Committee which is to assist the Commission in the administration of the Fund (Article 124) ⁽²⁾.

The Commission has appointed M. Petrilli, Chairman of the Social Affairs Group, to be chairman of the Committee of the European Social Fund; his appointment took effect on 28 September 1960.

Labour problems

21. On 13 and 14 September 1960 government experts from the six countries of the EEC met to discuss the problem of working hours. The experts also examined problems connected with the implementation of the Protocol relating to certain provisions of concern to France (payment of overtime) attached to the Treaty.

After an introductory statement on the conditions for the application of the Protocol, the experts discussed the systems governing working hours in the various countries and the statistical data which will enable the Commission to see how far the Protocol shall be applied at the end of the first stage of the implementation of the Treaty.

The work thus begun will be continued in the coming months by the Commission and the government representatives of the Member States working in close liaison.

⁽¹⁾ See Bulletin 6 & 7/60, Chapter III, sec. 28.

⁽²⁾ See Bulletin 6 & 7/60, Chapter IV, sec. 57.

22. On 20 September 1960 a meeting was held with the representatives of employers and employees in the six Community countries on the subject of equal pay for men and women workers; the conference was called as a result of the recommendation made by the Commission to the Governments of the Member States ⁽¹⁾ and was part of the support which the employers' and workers' organizations had agreed to give to the detailed study of the present situation as it results from the collective bargaining agreements reached in the major sectors.

The talks concerned the difficulties to which the implementation of the principle of equality in accordance with Article 119 of the Treaty gives rise in the various countries. The delegates have been informed of the work done by the Commission to obtain the widest and most detailed possible information on the situation: many enquiries have been carried out to clarify the legal situation (from the point of view of legislation, case law, and contracts) and the Statistical Office of the European Communities is to undertake the statistical studies on which existing national figures can be compared.

In order to obtain an exact picture of the existing situation with regard to pay for men and women workers, the government experts have been frequently consulted and university professors have been asked to study the actual situations found in a number of enterprises.

Free movement of workers

23. The Economic and Social Committee's Section for social questions met on 1 September to work out a draft opinion on the Commission's proposal concerning the Regulation and directives on the free movement of workers in the Community. It heard a statement from the representative of the Commission. The Section then went on to set up a working party and appointed its chairman and a rapporteur.

24. The Social Affairs Committee of the European Parliament examined the problems relating to the free movement of workers at its meeting of 6 and 7 September 1960. M. Petrilli, a member of the Commission, opened the discussion and underlined the importance of the Regulation, which he explained in detail. M. Rubinacci, who had been appointed rapporteur at the meeting of 30 June 1960, made a comprehensive statement; it was agreed that this written report should be laid before the next meeting of the Committee.

The Parliamentary Committee then examined the Commissions proposals point by point and article by article. M. Petrilli answered the many questions put to him by Members of the Parliament.

At its meeting in Rome on 23 and 24 September 1960 the Parliamentary Committee examined M. Rubinacci's written report. M. Petrilli submitted to the members

an opinion from the Legal Service of the European Executives on questions raised by the Parliamentary Committee in connection with different points of the draft Regulation and directives on the free movement of workers. After discussion the Committee expressed itself satisfied with this opinion.

The Parliamentary Committee examined M. Rubinacci's report in detail and adopted it with a few amendments.

Agricultural wage-earners

25. A joint meeting of the Parliamentary Committees for Social Affairs and Agriculture, held on 23 September was attended by M. Mansholt and M. Petrilli. The meeting discussed the "General survey of the social situation of agricultural wage-earners", prepared by the Commission of the European Economic Community. M. Van der Ploeg introduced the debate and was instructed to draw up a report which will be submitted to the Parliament. Replying to Members' questions, M. Petrilli emphasised the fact that the document was not yet complete and that the subjects dealt with would be examined at the conference on the social situation of agriculture planned for early 1961.

Safety, industrial hygiene and health protection

26. At its meeting on 5 September the Parliamentary Committee on Safety, Industrial Hygiene and Health Protection began the study of the preliminary draft of M. Santero's report on problems of occupational health and safety looked at against the background of the European Economic Community and Euratom. The Parliamentary Committee decided to include in the text of the report the programme of work in this field elaborated by the Commission of the European Economic Community for the period up to the end of the first stage.

At its meeting of 30 September 1960 the Parliamentary Committee continued the study of M. Santero's report and of the provisional memorandum which is appended thereto, which deals with the chapter on occupational health and safety in the "Report on the development of the social situation in the Community in 1959" (Chapter VI). (1)

Social security of migrant workers

27. The Administrative Committee for the Social Security of Migrant Workers held its 18th session on 22 and 23 September 1960.

(1) Not available in English.

It adopted decisions on the following points :

- a) The interpretation to be given to the first sentence in paragraph 1 and to paragraph 2 of Article 9 of Regulation No. 4 concerning the application of the reduction or suspension clauses;
- b) The intervals at which the position of persons entitled to pensions or retirement pay is to be examined for the application of the reduction or suspension clauses;
- c) The calculation of family allowances in cases where there are children in several Member States.

The Administrative Committee has also studied the following matters :

- a) The rules for the conversion of insurance periods expressed in different units of time;
- b) Exceptions to the rule of " pro rata temporis " for the calculation of pensions;
- c) The definition of the term " seamen ";
- d) Amendment of Decision No. 15 concerning the use of certificate E-1 in the case of successive very short periods of work in foreign countries.

The Administrative Committee has approved in principle the draft for a seminar to be held for senior staff members in social security organizations.

Conference on " Technical progress and the Common Market "

28. On the initiative of the Executives of the three European Communities, a conference on the theme " Technical progress and the Common Market " will take place from 5 to 10 December. This conference, which will study the economic and social prospects of the new techniques and of the rationalisation of work, will bring together 300 experts : university professors, directors of trade associations, of workers' and employers' organizations, drawn mainly from the six Community countries, and representatives of the three Communities.

The first part of the Conference will deal with six key problems : employment, competition, labour relations, occupational training, investments, wages and salaries, During the second part three sectors will be tackled : industry (in particular iron and steel, chemicals, mechanical engineering, electrotechnics, textiles, the building industries and coal); transport (rail, road, inland waterways, maritime and air transport) and, lastly, administration.

AGRICULTURE

The common agricultural policy

29. The Special Committee on the common agricultural policy held its second meeting on 19 and 20 September in Brussels ⁽¹⁾ under the chairmanship of M. Staf, Head of the Netherlands Delegation and a former Netherlands Minister.

The Committee heard statements in which the Heads of Delegations put forward their Government's views on the Commission's proposals for a common agricultural policy and, in particular, on the broad principles underlying this policy.

The Special Committee then discussed how it would be possible, as required by the decision on acceleration, to evolve a preliminary joint solution of the difficulties stemming from those differences in the conditions of competition in the agricultural and foodstuffs sectors which are due to divergences in general agricultural policies.

The Committee examined the possibility of reaching Community solutions by starting with the proposals made by the Commission for the common organization of markets, particularly those dealing with the measures that would have to be taken during the preparatory period. At the request of the Committee the representative of the Commission explained the scope of the proposed procedure for levies between Member States.

A list of products which are sensitive because of the differing conditions of competition was submitted by the German Delegation. This list was carefully examined at the fourth meeting of the Committee.

The third meeting of the Special Committee was held on 29 and 30 September with M. Staf in the chair. There was a discussion of the general statements made by the Heads of Delegations at the previous meeting.

The Committee also continued its discussions on the system of levies proposed by the Commission for the preparatory period. The representative of the Commission was asked to prepare an explanatory note giving fuller details of the way in which the levy system would work.

After an introductory statement by the representative of the Commission on the general lines of the market policy, the Committee discussed the system for a target price combined with intervention prices and threshold prices. The Committee requested the representative of the Commission to give a full exposé on the system of target prices which would answer the many questions on the point which had been raised.

⁽¹⁾ For the first meeting and the composition of Delegations see Bulletin 6 & 7/60, Chapter III, sec. 36.

The fourth meeting was held in Brussels on 11 and 12 October. The Committee continued its discussions on the system of intra-Community levies and approved the text of the paper giving its first general conclusions on the matter.

The Committee requested the Commission to examine, with the assistance of a group of government experts, the particulars of the method by which the levy system would be applied and particularly the method of calculation, the period of validity and the preference element.

The Commission invited the experts to meet on 19 and 25 October 1960 in order to go into these problems.

The Commission has also, at the request of the Special Committee, invited the governmental experts of the six States to a meeting at which certain problems connected with the application of the speed-up will be examined.

Future meetings of the Committee will be held on 27 and 28 October, 8 and 9 November, 23 and 24 November and 7 and 8 December 1960.

At the Council meeting of 17 to 19 October the chairman of the Special Committee gave a verbal progress report on the Committee's work.

30. With the assistance of experts from the Governments of the Member States the Commission examined a request from the German Government that, on the basis of Article 226 of the Treaty, special measures be applied to certain goods not included in the list of agricultural products (Annex II to the Treaty) but processed out of agricultural raw materials. The purpose of this examination is to decide where it is necessary to take special measures to remedy the difficulties facing the processing industries because of the difference in the prices for primary products fixed by states which export and those which import ⁽¹⁾.

31. The Commission has continued its work on the harmonization of legislation covering foodstuffs and animal and plant health, and further meetings of government experts have been held on these matters. Harmonization in this field is essential if agricultural products are to circulate freely in the common market.

Establishment of objective criteria on which to base systems of minimum prices

32. As required by Article 44 of the Treaty, the Commission has adopted a draft decision on the objective criteria on which minimum price systems and the actual prices should be based (these criteria are to be determined by a unanimous vote of the Council during the first three years after the entry into force of the Treaty, that is, by 1 January 1961).

In drafting these objective criteria the Commission considered that the minimum price systems should be used only to safeguard the objectives set out in Article 39

⁽¹⁾ See Bulletin 6 & 7/60, Chapter III, secs. 33 and 34.

of the Treaty and that their use must cause the least possible disturbance to the working of the common market.

Article 44 (1) authorizes each Member State to apply to certain products a system of minimum prices below which imports may be

- a) Temporarily suspended or reduced;
- b) Made conditional upon this price being above the minimum price fixed for the product concerned.

In the second case the minimum prices shall not include customs duty.

The Commission has shown its preference for the second system, which it considers better suited to a smooth expansion of trade. The advantages of this system is that the frontier is not closed to products provided that their price is equal at least to the minimum price.

The Commission considers it will not be necessary to apply the minimum price system all through the year. To justify recourse to minimum prices there must be a threat of a fall in the price of each agricultural product for which minimum prices are to be considered, and this threat must be the result of the progressive abolition of customs duties and quantitative restrictions on the product concerned.

For the purpose of fixing the levels of minimum prices the Commission makes a distinction between products for which price guarantees exist in the various countries and those for which such guarantees do not exist (for the latter, formation of prices depends on the free play of supply and demand within the Member State).

The level of the minimum price for these products is to be calculated on the average price (weighted average of prices on a given, typical market or weighted average of the averages observed in accordance with the above principle).

Finally, the Commission suggests retention of the procedure by which advance information on the introduction of a minimum price is given by Member States. This procedure is intended to help the Commission to carry through the task of supervising the application of the Treaty, to forestall possible infringements and to avoid the occurrence of a situation in which exporters are faced with the threat of a sudden closing of the frontier.

TRANSPORT

33. The introduction of a common policy is the fundamental aim of the Treaty in the transport field. It therefore seemed necessary to the Commission, if this end were to be attained, that a general paper defining the main lines of the common policy and the directions to be followed should be prepared.

The Commission's staff is at present putting the finishing touches to this general memorandum. The document includes considerations on the part played by transport in the Community's economy and on the present situation of the different means of transport in each of the six member countries. On the basis of these factors

and the general or specific legal provisions relating to transport contained in the Treaty, it has been possible to work out certain principles on which to define the measures to be taken as part of the common policy.

After approval by the Commission the document will be communicated to the Governments of the six member countries and to the circles concerned. Comments from these sources will help in taking final decisions on the framework of a common transport policy.

34. Following up the Commission's recommendations on the development of transport infrastructure in the Community setting, transmitted to the Governments of the Member States on 23 June last ⁽¹⁾, the staff of the Commission is continuing to urge the national administrations to ensure that the main rail, road and inland waterways connections envisaged in these recommendations are completed within the time limits set.

The problem of international financing produced by these plans has been the subject of discussions intended primarily to hasten the completion of certain transport links already included in the general programme.

OVERSEAS DEVELOPMENT

35. By letter dated 9 September M. Hamani Diori, Prime Minister of the Republic of Niger, informed the President of the Commission of the intention of the Republic of Niger to maintain the links of association and to establish direct relations with the European Economic Community. Pending the nomination of its own representative the Republic of Niger will continue to be represented by France.

36. M. Kargougou, Deputy Prime Minister of the Republic of Upper Volta, informed the President of the Commission of the European Economic Community, by letter dated 12 October, of his Government's intention to maintain the links of association and to establish direct relations with the European Economic Community. Pending the nomination of a representative of Upper Volta with the Commission, the representative of the French Republic will continue to watch over the interests of the Republic of Upper Volta.

37. On the occasion of its accession to independence, the Republic of Madagascar informed the French Government of its desire to maintain its association with the European Economic Community. The Madagascan Government has requested the French Government to try to obtain, as soon as possible, a formal confirmation of its status and of the advantages attaching thereto.

38. On the occasion of the independence of the Republic of Gaboon, its Prime Minister informed the French Government that the Republic of Gaboon wishes to retain the status of a state associated with the European Economic Community under the conditions at present obtaining.

39. On the occasion of the accession to independence of the Republic of Congo (former French Congo), the President of this Republic expressed to the French Government its desire to continue to enjoy the status of a state associated with the European Economic Community.

40. On the occasion of the accession to independence of the Republic of Chad, the Prime Minister informed the French Government of the desire of the Republic of Chad to continue to enjoy the status of a state associated with the European Economic Community.

41. On the occasion of the accession to independence of the Central African Republic, the President of the Government informed the French Government of his desire that the Central African Republic should continue to enjoy the status of a state associated with the European Economic Community ⁽¹⁾.

These Governments of States which recently acquired independence have all requested the French Government to bring the wishes thus expressed to the notice of the competent authorities of the European Economic Community.

The Permanent French Representative to the European Economic Community has informed the Commission and also the Council of Ministers of the wishes expressed by these African states.

Problems of development aid

42. In September a panel of experts on technical co-operation studied the general report prepared by the Commission on the various current forms of technical co-operation. The panel had been assigned this task by the ad hoc Committee for the study of problems of development aid. The panel of experts also examined the specific proposals for action which the Committee had attached to this report.

In conformity with the conclusions reached by these experts, the ad hoc Committee decided to propose to the Council of Ministers that a " Technical Assistance Group " be set up, which should further active co-operation between the Member States and the Commission and work out common solutions to the various problems arising in this field. The Committee also invited the Commission to draw up an inventory of the facilities in the Europe of the Six at present available to the development countries for training, education, research and studies. On the basis of the

(1) Ivory Coast and Togoland see Bulletin 6^{*} & 7/60, Chapter III, sec. 42 and 43.

material furnished by this enquiry it would be possible to examine the prospects for the establishment of a European development institution.

43. On 18 October the Commission's staff arranged a colloquy of experts on soil conservation and reforestation in the overseas countries, to be held in Brussels. This meeting of experts decided on a general programme of studies which would begin with the preparation of inventories and overall reviews intended to bring together the available information gained from practical cases of action known to have been taken in these fields.

This initial phase will be followed by the dispatch to the associated countries themselves of study missions consisting of representatives of several specialized institutes in the Member States if the Governments responsible are agreed.

44. In June last the Commission decided that about 100 scholarships for specialized study should be granted to nationals of the overseas countries proposed by their Governments. The names of a first batch of 39 candidates (including 18 for training in statistics) have now been submitted to the Commission for approval. These scholarship holders will be sent to various institutes in the member countries, particularly in Belgium and France, but also in the Netherlands, Germany and Italy.

A second list of candidates is at present being prepared.

European Development Fund

45. During September the Commission approved the financing by the European Development Fund of the following social projects :

1) In Togoland

a) Building a Lycée and a school of administration, for a provisional commitment of 2,127,000 units of account (c. 525 million frs. CFA)

b) Building 20 primary schools, for a provisional commitment of 82,000 units of account (c. 20 million frs. CFA)

c) Drainage work in Lomé, for a provisional commitment of 835,000 units of account (c. 206 million frs. CFA).

The first two projects are part of a programme for the expansion of education. The first, which aims at the training of cadres, provides for the building at Tokoin, the northern quarter of Lomé, of a school group including a Lycée for boys to accommodate 1160 pupils (432 boarders) in 32 classes, and a school of administration for 60 boarders. The old Lycée building will be turned into a girls' college.

The aim of the third project is to supply drainage for Lomé, to solve the problem of disposing of rainwater and waste water from the town.

2) In the Republic of the Ivory Coast

Building of 10 rural training camps for a provisional commitment of 912,000 units of account (about 225 million frs. CFA).

The essentially rural economy of the Ivory Coast suffers from its archaic methods of farming and the low level of agricultural organization. For a long time now efforts have been made to bring the agricultural economy of the country up to a level compatible with modern notions. The project which it has been decided to finance is an essential link in the policy of rural development defined and decided on by the Government of the Ivory Coast in 1959.

The aim is to build 10 rural training camps in the district of Adzope, Bouafle, Gagnoa and Korhogo. Each camp will be about 60 hectares in area and will include the equipment necessary for lodging and teaching 120 trainees.

3) In French Polynesia

Building of a new hospital at Papeete, for a provisional commitment of 2,474,000 units of account (c. 222 million Frs. CFP).

The scheme provides for the construction of a hospital building, a technical building, general services and connecting galleries, and is part of a plan for the health equipment of the territory. The new hospital will have 333 beds.

4) In Netherlands Guinea

Building of a medical centre at Hollandia, for a total provisional commitment of 1,290,000 units of account (c. 4,903,000 Florins).

The city of Hollandia, capital of Dutch New Guinea, already has considerable health equipment, thanks to the opening in 1959 of a new general hospital with 360 beds. The present organization of certain health services is, however, insufficiently centralized or still incomplete. The aim of the project is to build a fully-equipped medical centre, including laboratories, dispensing rooms, etc., to complement the new central hospital. This centre will provide general medical services for the inhabitants of the city and the headquarters of the general and preventive public health services in Netherlands New Guinea.

In the course of the same month the following financing conventions were signed :

a) A financing convention with the Republic of Gabon, concerning a social project and covering a total provisional commitment of 406,000 units of account.

b) A financing convention with the Central African Republic, concerning two social projects and covering a total provisional commitment of 531,000 units of account.

OPERATIONS OF THE EUROPEAN DEVELOPMENT FUND

Financing approved — Situation on 30 September 1960

(in thousands of units of account)

Countries and Territories	Number of Projects	Total amount	Payment authorizations 1958 and 1959
Congo Republic (former Belgian Congo)	6	6,554	3,300
Ruanda-Urundi	7	1,886	1,886
	13	8,440	5,186
Cameroon	5	4,788	4,788
Central Africa	3	710	710
Comores	1	81	81
Congo	4	2,768	2,768
Ivory Coast	5	4,398	4,398
French Somali Coast	1	742	742
Dahomey	5	1,077	1,077
Gaboon	3	1,018	1,018
Upper Volta	5	2,290	2,290
Madagascar	12	11,505	8,639
Mauritania	3	2,343	2,343
Niger	2	7,290	5,633
New Caledonia	4	273	273
Polynesia	2	2,769	570
Senegal	2	9,176	7,122
Sudan	8	754	754
Chad	6	8,067	6,858
Togoland	8	3,704	2,077
	79	63,753	52,141
Somali Republic (formerly Somaliland under Italian Trusteeship)	1	1,950	1,125
Netherlands New Guinea	4	8,708	5,557
Total	97	82,851	64,009

Trade

46. In connection with trade between the Member States and the associated overseas countries, the Commission's staff in September finalized certain drafts and reports on the quota and tariff position, the stabilization of markets for tropical products and the establishment of a more regular export income for associated countries. Among the numerous questions studied were relations with British Commonwealth countries and the economic situation in the newly-independent overseas countries.

Programme of training periods for nationals of the Associated Overseas Countries and Territories

47. To meet the wish expressed by the associated countries, the Commission of the European Economic Community has launched a programme of training periods for nationals of these countries. This programme will make it possible to familiarize them with European problems and with the work of the European Economic Community without keeping them too long away from the tasks awaiting them at home. The training periods will begin on 1 October each year and end on 30 June of the following year.

Colloquies organized by the Commission

48. In September the Commission, seeking to encourage contacts between the EEC and the élites of the associated countries, continued its programme of colloquies by organizing two meetings and a study trip.

The first colloquy, held in Brussels from 8 to 10 September, was attended by a certain number of African and Malagasy trainees attached to the Centre National de Coopération Agricole (Paris).

A second colloquy, which met in Brussels on 26 and 27 September, provided an opportunity for its members, African and Malagasy students, to take part in a study trip of several days in the EEC countries.

Speedier implementation of the Treaty and the Associated Overseas Countries

49. On 28 September the Commission transmitted to the Council the proposals on speedier implementation of the Treaty which affect the associated countries; they were drawn up as a result of the Declaration of Intention on internal acceleration ⁽¹⁾. The essential aims of these proposals are :

⁽¹⁾ See Bulletin 6 & 7/60, Chapter III, end of sec. 1.

- a) To speed up the implementation of those provisions of the Treaty which concern the trading system;
- b) To suggest adjustments in the system of operation of the European Development Fund, in order to make its action more rapid;
- c) To suggest practical solutions for a certain number of problems of particular concern to the economy of the associated countries, among them the organization of the market for certain tropical agricultural products and the stabilization of prices.

As far as the trading system is concerned, the Commission is of the opinion that there should be a speed-up in the rate of customs and quota disarmament applicable to the reciprocal imports and exports of the associated overseas countries and territories and of the Member States, as far as this is feasible in the light of the economic situation of the parties concerned. In any case the Member States should take no measure directly affecting the interests of the associated countries without previously consulting them. The Commission also points out that any speed-up in the obligations on the associated countries must be subject to their agreement.

For the system applicable to imports by the Member States from the associated overseas countries and territories, the Commission proposes to make applicable the decision of the Representatives of the Governments of the Member States dated 12 May 1960 on speedier implementation of the Treaty. This decision will need, however, to be adjusted and completed to take account of the particular conditions of trade between the associated overseas countries and territories and the Member States.

The Commission proposes that the speed-up of customs and quota measures be carried out in the following way: the arrangements made by the Member States among themselves shall be applicable to imports of the same products (agricultural and industrial) from the overseas countries and territories. A special system could be established for the tropical products of the associated countries for which there is neither production in the Member States nor any noteworthy problem of competition between the Member States and the associated overseas countries and territories. For these products, which in any case are not very numerous, the Commission considers a speed-up in the tariff field possible and desirable, and accordingly proposes that the relevant customs duties be reduced by 30% on 1 January 1961; at this date the customs duties on products from the associated overseas countries and territories would then be equal to the basic duty less 50%.

Along with these tariff measures, proposals were submitted which, as far as tropical products from the associated overseas countries and territories are concerned, affect the introduction within six years of the common external tariff.

As far as the system applicable to imports from Member States into the associated overseas countries and territories is concerned, the chief result of a speedier reduction

of customs duties will be a more rapid elimination of the tariff preference which France and the countries linked with it enjoy in these countries. Such a speed-up nevertheless appears desirable to the Committee and could be easily accepted by the associated overseas countries and territories.

Speedier action by the European Development Fund is the second point in the Commission's proposal. In this field account should be taken of eighteen months' experience and of the difficulties which have been seen to stand in the way of more rapid action by the Fund. The Commission intends to restrict itself to the most urgent reforms and for the present proposes, in agreement with the Council of Ministers, that Article 44 of Regulation No. 7 be amended to apply to the financial years 1960, 1961 and 1962 of the Fund. The Commission further wishes that a panel of experts be constituted to make a methodical study of the provisions of Regulation No. 5 and the amendments which the Commission intends to submit for examination by the Council.

The third point in the Commission's proposal concerns agricultural policy and the stabilization of export incomes. The Commission considers that steps to support the agricultural output of the associated overseas countries and territories will have to be settled in the light of the market trend shown by the different products; it also considers that under present conditions a contribution should be made by the common agricultural policy to the disposal of oleaginous products and oils from these areas, and that there should be co-ordination of certain markets (sugar and tobacco).

As for measures to stabilize the incomes derived by the associated overseas countries and territories from their exports, the Commission analyses the situation and concludes by requesting that the Council approve the principle of Community action to ensure more regular incomes from exports and empower it to work out concrete proposals before the end of the year in collaboration with the Permanent Representatives.

ADMINISTRATIVE AFFAIRS

Statute of service

50. On 27 September the Council again took up the question of the statute of service. It decided that the currency in which salary scales should be expressed would be that of the country in which the Institutions were established. The Council also agreed provisions concerning exchange guarantees for a portion of the salary which may be transferred to the country of origin, the adjustment of salaries in the event of changes in the cost of living, and the review of pensions should the scale of salaries be altered.

The draft statute is at present before the European Parliament and the Court of Justice for their comments prior to its final approval by the Council.

Community tax

51. A working party of experts appointed by the Committee of Permanent Representatives is studying the unresolved problems connected with the Regulation on the Community tax.

Preliminary draft budget for the financial year 1961

52. On 19 September 1960 the Commission submitted to the Council of the European Economic Community the preliminary draft budget of the Community for the financial year 1961, as required by Article 203 of the Treaty.

Financial regulation

53. At its meeting of 27 September 1960 the Council of the European Economic Community agreed the text in French of the Regulation concerning the establishment and implementation of the Community's budget and the responsibility of pay-commissioners and accountants. A regulation on these matters is required by sub-paragraphs (a) and (c) of Article 209 of the Treaty.

The texts of this Regulation in the other Community languages will be approved at a coming meeting of the Council after being harmonized by a panel of linguistic experts.

The Regulation thus agreed will come into force on 1 January 1961.

The work on sub-paragraph (b) of Article 209, which concerns the regulation determining the methods and procedure whereby the contributions by Member States shall be made available to the Commission, is being pushed forward very actively. The matter was laid before the Council at its meeting of 27 September 1960.

Unit of account

54. Article 18 of the Financial Regulation stipulates that the unit of account in which the budget of the European Economic Community is expressed shall be equal to 0.888670 grammes of fine gold.

VISITS

55. On Monday 3 October 1960, President Hallstein, accompanied by M. Petrilli, a member of the Commission, continued the series of his personal contacts with the Governments of member countries by a visit to the Italian Prime Minister, M. Fanfani. On this occasion the President of the Commission and M. Fanfani were able to have a long discussion on the main problems of concern to the Community.

56. At the invitation of "Business International", an American association of businessmen who are specially interested in international relations and trade, the Commission took part in a Round Table organized by the association in Brussels from 9 to 15 October. Subjects discussed with the Commission included the internal market of the Six, competition, agriculture, transport, economy and finance, overseas development, the Community's external relations and the Social Fund. In addition ministers and leading personalities from the EEC and EFTA countries addressed the members of the association present at the Round Table.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is crucial for ensuring transparency and accountability in the organization's operations.

2. The second part of the document outlines the various methods and tools used to collect and analyze data. It highlights the need for consistent data collection procedures and the use of advanced analytical techniques to derive meaningful insights from the data.

3. The third part of the document focuses on the role of technology in data management and analysis. It discusses how modern software solutions can streamline data collection, storage, and analysis, thereby improving efficiency and accuracy.

4. The fourth part of the document addresses the challenges associated with data management, such as data quality, security, and privacy. It provides strategies to mitigate these risks and ensure that the data remains reliable and secure.

5. The fifth part of the document concludes by summarizing the key findings and recommendations. It stresses the importance of ongoing monitoring and evaluation to ensure that the data management processes remain effective and up-to-date.

IV. Institutions and organs

A. THE COUNCIL

57. The Council of the European Economic Community met on Tuesday 27 September 1960 under the chairmanship of M. R. van Houten, Under-Secretary of State for Foreign Affairs in the Kingdom of the Netherlands. The Council dealt with the following questions :

Speed-up

The Commission informed the Council of the measures it had taken to implement the Declaration of Intention adopted by the Representatives of the Governments of the Member States meeting in the Council ⁽¹⁾. In this declaration the Council had invited the Commission to submit concrete proposals. The Commission went more fully into the suggestions contained in President Hallstein's letter of 28 July to the President of the Council ⁽²⁾ and indicated the points on which it would endeavour to achieve internal acceleration, points which concern in particular commercial policy, economic and financial policy, the internal market, competition and transport. The Commission also reported that the speed-up in the social field and in the development of the overseas countries and territories would be dealt with in proposals shortly to be submitted to the Council ⁽²⁾.

The Council expressed its satisfaction with the work done by the Commission and stated that it would at an early date study the proposals which will be submitted to it.

Common customs tariff applicable to raw tobacco

The Permanent Representatives having agreed on a common interpretation of the decision taken at the Council meeting of 6 and 7 September, authorized the Commission to communicate the new tariff to the Contracting Parties of GATT ⁽³⁾.

European Social Fund Committee

The Council appointed the members and alternates of the Committee which is to assist the Commission in the administration of the European Social Fund.

This Committee consists of the following members :

⁽¹⁾ See Bulletin 6 & 7/60, Chapter III, sec. 1.

⁽²⁾ See this Bulletin, Chapter III, sec. 49.

⁽³⁾ See this Bulletin, Chapter III, sec. 14.

1. Representatives of the Governments

	<i>Members :</i>		<i>Alternates :</i>
Belgium :	M. Etienne	M. Defossey	M. Missotten
Germany :	M. Knolle	M. Elsholz	M. Wolf
France :	M. Demondion	M. Mermoux	M. Rouvier
Italy :	M. Altarelli	M. Castagnoli	M. Falchi
Luxembourg :	M. Van Verweke	M. Schwinnen	M. Marson
Netherlands :	M. Van Riel	M. Van Rhijn	M. Grooters

2. Representatives of the trade union organizations of the six States

	<i>Members :</i>		<i>Alternates :</i>
Belgium :	M. De Bock	M. Keuleers	M. Colle
Germany :	M. Heise	M ^{me} Puetz	M. Brandt
France :	M. Mourgues	M. Tessier	M. Baudet
Italy :	M. Romani	M. Dalla Chiesa	M. Rocchi
Luxembourg :	M. Hengel	M. Schockmel	M. Kirpach
Netherlands :	M. de Vries	M. Van der Gun	M. Van der Mei

3. Representatives of the employer's organizations of the six States

	<i>Members :</i>		<i>Alternates :</i>
Belgium :	M. Moreeuw	M. Verschueren	M. De Bruyn
Germany :	M. Gassmann	M. Herbst	M. Hatesaul
France :	M. Meunier	M. Ceyrac	M. Nove-Josserand
Italy :	M. Toscani	M. Glisenti	M. Misserville
Luxembourg :	M. Hayot	M. Beissel	M. Thorn
Netherlands :	M. van Dijk	M. Jansen	M. Heij

Article 124 of the Treaty provides that the Committee shall be presided over by a Member of the Commission of EEC. On 28 September the Commission appointed M. G. Petrilli, Chairman of the Social Affairs Group, to be Chairman of the Committee.

Progress Report from the Chairman of the Economic and Social Committee

On the expiry of his term of office a Chairman of the Economic and Social Committee, M. De Staercke made a statement to the Council on the functioning of the Committee since its inception and, more especially, during the period of his chairmanship.

M. De Staercke brought out the fact that the Economic and Social Committee, which has already met ten times in plenary session and whose special sections have held

40 meetings, is now working at full capacity and has acquired concrete experience. In its role as a consultative organ it is now the attentive, well-informed and loyal collaborator of the Councils and the Commission.

The aim of the Economic and Social Committee, M. De Staercke continued, has always been to place a practical opinion, formulated by people active in business and social life, at the disposal of the Community's institutions in order to keep them informed and to support their labours. In this context M. De Staercke emphasized that there could be no doubt that all the opinions so far elaborated by the Committee reflect the will to pursue the building of a Community Europe.

After recalling the principal opinions formulated by the Committee, M. De Staercke stated that he was satisfied with the practice of consulting the Committee not only when this is mandatory but also when the competent institutions recognize the advantage of such consultation even where it is not required by the Treaty.

Replying to M. De Staercke, the President of the Councils expressed his pleasure at the achievements of the Committee during the two years in which it had worked under the retiring Chairman.

The Presidents of the Commission of the European Economic Community and the European Atomic Energy Community associated themselves with the thanks expressed by the President of the Councils.

Statute of service

The Councils of the European Economic Community and of the European Coal and Steel Community have decided that the currency in which salary scales will be expressed shall be that of the country in which the Institutions are established ⁽¹⁾.

Replacement of Members of the Economic and Social Committee

After consulting the Commissions of the two Communities, the Councils have decided to appoint as a member of the Economic and Social Committee M. E. Minola to replace M. A. Costa, who has submitted his resignation. M. Minola's appointment is for the remaining period of M. Costa's term of office.

On 8 September 1960 the Councils, after consulting the Commissions, appointed by written procedure M. J. de Koster, M. E. Porena and M. G. Kley as members of the Economic and Social Committee to replace M. van Leeuwen (deceased) and MM. Bertagnolio and Paulssen, both of whom have submitted their resignation. The new appointments are to run for the remainder of the term of office of the members replaced.

Financial Regulations of EEC and EAEC

The Councils, acting by unanimous vote on a proposal of the Commissions, have agreed the text in French of the Regulations concerning the establishment and

⁽¹⁾ See this Bulletin, Chapter III, sec. 50.

implementation of the budget of the European Economic Community and the operational budget of the European Atomic Energy Community.

B. THE ECONOMIC AND SOCIAL COMMITTEE

58. The Economic and Social Committee held its eleventh and twelfth meetings in Brussels on 28 and 29 September.

At the eleventh meeting the Committee heard a report by its retiring Chairman, M. De Staercke, on the past work of the Committee. On 27 September 1960 the Commission had also received a report from M. De Staercke on the work done by the Economic and Social Committee.

The Committee then heard a report by M. Caron on the speed-up in the implementation of the Treaty. M. Caron emphasized the need to call on the Member States to include in their acceleration measures those fields for which the Treaty does not specify time limits for the attainment of the objectives fixed.

The twelfth Meeting of the Committee, held on 29 September, was devoted to the election of its new Chairman and officers. The following were elected :

Chairman : M. Rosenberg, Germany (Workers' group)

Vice-Chairmen : M. Cantoni, Italy (General interests group)
M. De Staercke, Belgium (Employers' group)

Members : M. Alders, Netherlands (Workers' group)
M. Berns, Luxembourg (General interests group)
M. Boulland, France (General interests group)
M. Canini, Italy (Workers' group)
M. Cool, Belgium (Workers' group)
M. Eckel, Germany (General interests group)
M. Falckenheim, Germany (Employers' group)
M. Giunti, Italy (General interests group)
M. Jonker, Netherlands (Employers' group)
M. Mourgues, France (Workers' group)
M. de Precigout, France (Employers' group)
M. Rollinger, Luxembourg (General interests group)

The Committee has decided to request the Councils to revise Article 3 of its rules of procedure, which deals with the officers of the Committee. It requests that their number be increased from 15 to 16 so that there may be representation of the associated overseas countries.

The Representative of the associated overseas countries among the officers of the Committee will be elected by the Committee when the suggested amendment has been approved by the Councils.

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