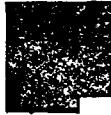


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TRIBUTE TO PROFESSOR PETRILLI

Now that Professor Giuseppe Petrilli is resigning from his position as a Member of the Commission of the European Economic Community I wish to pay a special tribute to him in the name of the whole Commission.

Professor Petrilli is one of the nine men who arrived in Brussels at the beginning of January 1958, having been given the onerous task of implementing one of the most vast and complex treaties of our time, the starting point of a great economic transformation and the instrument of a decisive political rapprochement between the countries of Western Europe. Although he was the youngest of this team, he had already had occasion to make his name and to acquire wide experience in the scientific, administrative and political fields. It was the Commission's good fortune to have him among its members during the crucial period of the beginnings of the Community.

Professor Petrilli's particular sector within the Commission was social affairs, which provided him with a field of activity in which his earlier knowledge and experience could be most completely combined with his brilliant personal qualities. It was he who tackled the task of defining the Commission's policy in the social field. It was under his authority that the first comprehensive studies of the Commission in this field were carried out — studies on a social security system for migrant workers, freedom of movement for workers, the Social Fund — and that work on other essential problems was put in hand : problems of employment and manpower, occupational training and the harmonization of working conditions. His chief asset in achieving concrete results was his power of persuasion and his relations with the Governments of the Member States were excellent. The Commission

is also indebted to him for his work in establishing those excellent relationships with the employers' and workers' organizations which are the basis of fruitful collaboration with all circles interested in social progress.

However, this specialization did not prevent Professor Petrilli from assuming, in the full sense of the terms, his tasks and responsibilities as a member of the team. He was also a member of the External Relations Group and of the Overseas Development Group, two fields to which he devoted constant attention.

It was with lively regret that the Commission learned of Professor Petrilli's resignation. By his intellectual and personal qualities, his tireless devotion, his capacity for work and his team spirit, he has won universal esteem and sympathy, and especially the admiration and friendship of his colleagues.

Professor Petrilli is going back to Italy to take up a position which assures him prominence both in the State and in the economic world. On the occasion of his departure, the Commission desires to express to him its appreciation and gratitude and to wish him every success. It knows that, on the sometimes difficult road towards the implementation of the Common Market and the achievement of European unification, it will always be able to count on his devotion to the interests of the Community and on his active support.

Walter HALLSTEIN

APPOINTMENT OF M. LIONELLO LEVI SANDRI

The Representatives of the Member States of EEC on 7 February appointed M. Lionello Levi Sandri as a member of the Commission in place of M. Petrilli. The Commission has designated M. Levi Sandri to succeed M. Petrilli as President of the Social Affairs Group, President of the European Social Fund and representative of the Commission on the Supervisory Board of the Statistical Office of the European Communities. At a coming meeting the Commission will make a decision concerning other functions which had been occupied by M. Petrilli.

M. Lionello Levi Sandri was born in Milan on 5 October 1910 and prior to his appointment was Counsellor of State and Professor of Labour Law in the University of Rome. Graduating in law in 1932, he entered the administration of the Labour Service by competitive examination and worked at both central and local level. For many years he moved between the Ministry of Labour and the Ministry of Transport, serving as Head of the Minister's private office in the one or the other Ministry. He has taken part in several international conferences as delegate or as technical adviser.

In 1940 he was appointed to the staff of the University of Rome, where he is in charge of the courses in Labour Law in the Faculty of Economics and Commerce. He is also Professor of Social Security Law in the Post-Graduate School of the Law Faculty. He is an ordinary member of the Italian Institute for Studies on Social Protection and Labour.

He is the author of numerous publications and university courses on Labour Law, Social Security and Administrative Law and is a member of the advisory committees of numerous legal periodicals.

M. Levi Sandri has been politically active in the Italian Social-Democrat Party. He was elected member of the party Executive in 1948. From 1946 to 1950 he was a Town Councillor of Brescia.

He is a Grand Officer of the Order of Merit of the Italian Republic. A veteran of the North African campaign (1940 to 1941), he commanded a division of Italian partisans, the "Fiamme Verdi", in the province of Brescia during the resistance (1943 to 1945).

He was decorated with the Silver Medal (the second Italian military decoration).



The preparatory meeting for the conference of European and African Parliamentarians

by M. Robert LEMAIGNEN,
Member of the EEC Commission

From 24 to 26 January a meeting was held in Rome which brought together, under the chairmanship of M. Hans Furler, members of the European Parliament and of the Parliaments of the associated African states now independent. The aim was to prepare the conference due to take place in Strasbourg from 19 to 24 June next.

The initial intention was that this meeting should be of no more than a preparatory nature but it assumed such importance, thanks to the distinguished level of the African and Malagasy delegates, the elevated tone of the discussion and the climate of friendliness and understanding, that it will perhaps one day be called historic.

Not only did the meeting fully achieve its aim, which was to organize and prepare the actual conference in Strasbourg, but it went beyond its chosen objective by tackling, in wide and fruitful discussion, the fundamental problems arising from the association of the African countries and Madagascar with the European Economic Community.

The principle of the Strasbourg conference was adopted by the European Parliament in March 1960, and M. Hans Furler, President of the Parliament, discussed it with the Council on 19 October.

All the sixteen Parliaments in Africa and Madagascar which were invited sent delegates to the preparatory meeting in Rome. President Hallstein, President Hirsch, and my colleagues M. Caron, M. Reynaud and M. Wehrer were present and joined in the discussions. At the beginning of the proceedings M. Furler pointed out that the problem, for the European peoples of EEC and for the peoples of Africa and Madagascar linked to them by the Treaty of Rome, was that of " giving a new form to an instrument which had already served us and adapting its content as well as its form to the changed circumstances ". True, the parliamentarians at the meeting represented neither their Governments nor, expressly, their Parliaments but it may be considered that the ideas and wishes expressed by them reflected very broadly and faithfully those held by the Governments and peoples of the overseas countries. In addition, a large measure of agreement was seen to exist on how the problems should be defined and on the solutions called for. In the process of drawing up the agenda for the Strasbourg

conference, the African parliamentarians were able to express their views both on the existing system of association and on the continuation of the association itself. In his comments on the measures already taken by the Community to adapt the present system to political developments overseas, President Hallstein drew attention to such problems as the sale of tropical products, financial aid and technical and intellectual co-operation.

After fixing the date of the Strasbourg conference and choosing its title (Conference of the European Parliament with Parliamentarians from the African States and Madagascar), the meeting adopted rules of procedure for the conference : about 103 African and Malagasy parliamentarians will take part; a mixed bureau (8 members of the Bureau of the European Parliament and 8 representatives from Africa and Madagascar) will be set up, and the chair will be taken alternately by President Furler and the President nominated by the African States and Madagascar. In addition, a Liaison Committee of 32 members (16 Europeans and 16 Africans) will meet in May to prepare the conference. The task of continuing the study of any question which it does not prove possible to complete at the Strasbourg conference will be entrusted to a standing committee of 36 members, 18 from the EEC and 18 from the African States and Madagascar.

The agenda of the conference contains four main items :

- a) The political and institutional forms of co-operation;
- b) Economic problems;
- c) Technical assistance and cultural exchanges;
- d) The Development Fund and its management.

It is possible, as a result of the discussions in Rome, to make certain comments on the questions covered by this agenda. For example, the political and institutional problems to be tackled will include the conditions and details of a co-operation based on equality of rights and the establishment of common institutions in which both groups shall have equal representation.

The forms to be taken by co-operation between the European Parliament and the African Parliaments will also be discussed in Strasbourg.

Among economic problems which will certainly give rise to very interesting debates are methods of increasing trade between the Member States of EEC and African states, the need to ensure outlets for the products of these states and to stabilize raw materials prices, and the establishment, if necessary, of an equalization system.

Technical aid and co-operation between European states and associated states on rapid occupational training will also be an important subject

for discussion. We might add the possibility of the establishment of a Development Institute and of similar institutes in the European and African universities.

Finally, the problems relating to the Development Fund will also be studied. The problem of speedier working procedures for the Fund was mooted some time ago, and the need for such procedures is recognized on all sides. Participation in the running of the Fund by the states benefiting, the extension of financial aid, and the introduction of greater diversity into the Fund's activities could be discussed.

It should be emphasized that during the Rome meeting the delegate of the Republic of Somalia was greeted with enthusiastic applause when he announced the desire of his Government to maintain the association link. Not only was the common desire for association nowhere called into question, but all present insisted on the need for constructive adjustment of the details of this association on the political, economic and moral planes.

All the delegates drew the attention of the European Assembly and the other Institutions of EEC to the fundamental problem which the development countries must resolve — the problem of selling what they produce at a remunerative rate, of ensuring some stabilization of raw materials prices and of obtaining aid for production. There were extremely interesting discussions on the form which financial aid should take; some African States brought out the fact that the system of grants did not resolve all the difficulties and that it was desirable to provide for other forms of help, in particular low-interest loans. In fact it is possible to operate the two systems concurrently by opening international resources to the young states.

In a speech of remarkable lucidity and political acumen, M. Lamine Gueye, President of the National Assembly of Senegal, drew the lessons of this meeting on behalf of all his colleagues. If moreover the concrete results obtained in Rome in the field of European co-operation with Africa are looked at in the light of the resolutions on inter-African economic co-operation adopted by the recent Dakar Conference of the African States and Madagascar, one cannot but be struck by the similarity between these aspirations and by this fundamental convergence. All point to the triumph of the idea which, having engendered the EEC, brought about the association of the overseas states with this Community — the idea that, in a hard world, where power is increasingly measured in millions of men and of square miles, those who plough a lone furrow are irrevocably condemned to disappear.

Brussels, 7 February 1961

I. The co-ordination of energy policies

At its last meeting, held on 22 December 1960 in Brussels, the Inter-Executive Working Party on Energy reached agreement on a series of proposals concerning the first measures to be taken towards co-ordination of the energy policies of the six countries of the Community. The text of these proposals has meanwhile been approved by the three Executives and was submitted on 10 January to the Special Council of Ministers of the ECSC, meeting in Luxembourg. The following are the main points of these proposals :

The introduction to the report elaborates the view that the present easing of the coal crisis is no more than the result of the interplay of several exceptional factors. This cannot hide the structural trend of the energy market, which is characterized by growing economies in direct consumption of coal, by falling prices for petroleum products and by the gradual substitution of fuel oil for coal in meeting total energy requirements. The fact is that while the collieries marketed no more coal in 1960 than in previous years, sales of fuel oil advanced more than 25%.

The general line of any measures advocated should aim at bringing energy prices in the Community down to the most favourable level from the economic point of view, with due regard to the need for a certain security in supply. In addition, coal-mining enterprises and countries producing coal must be given the time needed to rationalize the industry and to make headway with the conversion of the manpower and the regions affected by the closing down of pits.

The introduction of the common market for all energy products, to which the Member States have committed themselves by ratifying the Treaties of Paris and Rome, implies the establishment of a common trade policy towards non-member countries, some harmonization of the rules of competition and a reduction of artificial differences in prices between the various countries. In this connection the three Executives emphasize in particular the urgency of the need to establish the common commercial policy.

It is in the light of these factors that the following initial measures of harmonization are proposed as first steps in this direction :

a) An understanding on trade policies concerning not only customs duties but also quotas for imported energy products, and on the position to be adopted towards products originating in countries with state trading.

b) An approximation of the rules of competition, so as to ensure that the provisions applicable to coal and petroleum products shall be of analogous effect.

With a view to reducing the artificial differences in price between the member countries, it is suggested that Governments compare the fiscal and administrative provisions in force in the various states.

Another proposal is for the most rapid adaptation possible of the regulations on stockpiling, on air and water pollution and on the other technical and industrial obligations to which energy products are subject.

Under the heading "consultation agreement", the report then lists a series of proposals which, taken together, constitute one of the essential elements in the harmonization of energy policies.

It is, for instance, suggested to the Governments that they should undertake to enact no further energy policy measures in isolation and without having consulted, through the Council, the other member countries and the three European Executives.

Agreement on safeguard measures. Since the possibility cannot be excluded that a further reduction of fuel oil prices or a slowdown of economic activity may provoke lasting and serious disturbances on the energy market, certain precautions should be taken at this stage in order to avoid delay in working out the appropriate remedies.

a) The Governments should now agree on the criteria which justify measures at Community level.

b) It is of fundamental importance that the Governments should agree now on the steps to be taken, which might moreover be different for different situations. Taking into account the relatively rapid evolution of the energy market, it is proposed that methods of intervention should be laid down for a limited period only and be reviewed later.

In conclusion, the Council of Ministers is invited

a) To give its agreement, in principle, to the first measures of harmonization of energy policies (the Executives would then be responsible for working out the details);

b) To rule on the principle of Community action in a critical situation and to decide both on the criteria and on the nature of the safeguard measures.

II. Processing traffic in the Community : the problem and its solutions

The levy system provided for in the Commission's decision of 28 June, completed by the decision of 5 September, on products concerned in processing traffic, entered into force on 1 January. The entry into force of this system marks a milestone of some importance.

Below is an analysis of the essentials of the problem and a statement of the criteria governing the establishment of this system.

1. Under Article 9 (2) of the Treaty establishing the European Economic Community, goods in trade between Member States may benefit from the progressive reduction of customs duties and quantitative restrictions when, in the exporting Member State, they enter into one of the following categories :

1) Goods originating in this exporting Member State, excluding goods in whose manufacture products have been used on which the appropriate customs duties and charges with equivalent effect have not been levied. (This is the case for products imported under the system of temporary admission or an equivalent system).

2) Goods in free circulation in this exporting Member State within the meaning of Article 10 (2) of the Treaty (products from non-member countries, in cases where, in respect of such products, the necessary import formalities have been complied with and the appropriate customs duties or charges with equivalent effect have been levied in such Member State and where such products have not benefited by any total or partial drawback on such duties or charges).

3) Goods originally imported from another Member State, and which at the time of export from that State fell into one of the two categories above.

The proof that goods imported from one Member State into another meet these conditions is supplied by means of a "certificate of free circulation" issued by the customs authorities of the exporting Member State. The procedure for issuing and using free circulation certificates is fixed by the Commission's decision of 5 December 1960, replacing that of 4 December 1958.

2. Article 10 (2), second sub-paragraph, of the Treaty gives a mandate to the Commission to fix provisions to be applied, in trade between Member States, to goods obtained in another Member State in whose manufacture products have been used on which the appropriate customs duties or charges with equivalent effect in the exporting Member State have not been levied or which have benefited

by a total or partial drawback on such duties or charges ⁽¹⁾. These provisions concern goods which have entered under arrangements for "processing traffic". This term describes the economic and customs systems whose purpose is to encourage national export activities, by permitting, under various conditions, the duty-free import of foreign products later to be re-exported after processing (with or without the incorporation of national products). In all the countries such suspension of import duties is granted only under the conditions fixed by law, and generally speaking with due regard to the legitimate interests of producers working for the domestic market or for the export market in goods of national origin. The quantity of processing traffic varies from country to country and from branch to branch, but, to the extent that it ensures supplementary outlets for national production, it can be an element of some importance in the attainment of full employment.

3. Processing traffic sometimes concerns products which, although they have been brought into the manufacturing Member State under a system of temporary admission (or the equivalent), meet the conditions defined in paragraph 1 above — in other words, are provided with a free circulation certificate. It was in keeping with the provisions of the Treaty to extend to goods resulting from their application the benefits deriving from the progressive reduction of customs duties and quantitative restrictions.

In the same way, it was logical that goods in whose manufacture, apart from elements meeting the conditions defined in paragraph 1 above, only elements originating in associated overseas countries or territories were used, should be admitted to the preferential system, since, under Article 133 of the Treaty, the latter are themselves beneficiaries of the progressive reduction of customs duties and quantitative restrictions.

The Commission's decision of 28 June 1960, applying Article 10 (2), second subparagraph, therefore provides that goods obtained under the above conditions shall be entitled to benefit from the provisions of the Treaty.

4. The Commission's main difficulty was in making provisions for cases in which "non-member products", not in free circulation in any Member State, enter into the manufacture of goods involved in processing traffic.

Refusal to extend to these goods the advantage of the progressive reduction of customs duties and quantitative restrictions on import into another Member State would have been unjustified, for such goods incorporate — sometimes in large quantities — "Community" elements (labour, raw materials originating in Member

(1) It should be noted that although, from the point of view of the domestic legislation of the manufacturing Member State, goods obtained under these conditions can be considered as "originating" in that Member State, this fact cannot be taken into consideration in applying the provisions of the Treaty (cf. paragraph 1 (1) above).

States or enjoying free circulation in a Member State) which, as such, are entitled to enjoy the benefits of the preferential system.

Moreover, to make the prior introduction into free circulation of the “non-member products” a condition for extending the benefits of the Treaty to the goods involved in processing traffic would have considerably retarded the effects of Treaty provisions for the establishment of the customs union. For processing industries working under such conditions, the lowering of the customs duties on their goods in the receiving Member State, which proceeds only slowly, would in most cases and for many years have been less than the duties normally borne by these “non-member” elements. Putting the latter into free circulation would therefore only have been justified at the end of the transitional period when, duties between Member States have completely disappeared, the common customs tariff is finally established and the customs territories of the six Member States are one single customs territory.

The Commission had therefore to fix provisions to facilitate the transition from the present system under which no duty is charged on “non-member products” imported for use in processing traffic to the final situation when common customs duties will be obligatorily applied to these products.

5. To safeguard the legitimate interests of the Member State finally importing finished goods, the fairest method would have been separate charges on “non-member products” incorporated in the goods involved in processing traffic (according to the tariff applicable in the receiving Member State with respect to non-member countries) and on the purely Community part (according to the preferential tariff applied to products originating or freely circulating in the Community). This solution would have given equal consideration to the interests of the processing Member State (since it would have allowed the Community part of the finished product to enter under the preferential customs system) and to those of the receiving Member State (for which the preferential customs system would have been allowed only in respect of the purely Community part of the finished product and “non-member products” would have been dutiable in the same way as goods not in free circulation).

However, this solution would have involved insuperable difficulties. It would have been necessary for customs authorities in the exporting country to dispatch a comprehensive technical dossier enabling the customs authorities of the receiving Member State to distinguish exactly the nature and the value of the “non-member products” used. Moreover, this system would have infringed the rules of business secrecy and would have complicated customs clearance without any real guarantee that the operations were being properly carried out.

It would have been impracticable in the receiving country and no less so in the processing country, where the customs authorities would have lacked the technical facilities to apply the tariffs of the other countries.

6. The essentials of the problem can therefore be summarized as follows :

- a)* Goods manufactured under a processing traffic system in a Member State should enjoy the EEC customs and quota advantages, all the more so when they contain a substantial proportion of "Community" elements,
- b)* Elements imported from non-member countries without having been put into free circulation could not be entitled to the benefits of the customs and quota system in force between the Member States solely because they were incorporated in a finished product,
- c)* The customs authorities of the Member State importing the processed product could not apply separate charges to the "Community parts" and the "non-member parts",
- d)* At the end of the transitional period duties on "non-member parts" were to reach the rates fixed for them in the common customs tariff.

7. The device of a customs levy offered the best possible solution. It was adopted by the Commission in its decision of 28 June 1960 which provides that :

- a)* The levy shall be charged in the Member State where the processing takes place in those cases in which the processed articles are to be exported to another Member State,
- b)* A certificate of free circulation shall only be issued when the levy has been paid,
- c)* The rate of the levy shall be a percentage of the common customs duty fixed for the imported "non-member product",
- d)* This rate shall increase in inverse ratio to the reduction of duties between Member States and become progressively aligned on the corresponding rate in the common customs tariff. (For the period 1 January to 31 December 1961 it has been fixed at 25%).

8. In this way, the customs burden imposed on material for processing is no heavier than before the establishment of the Common Market. In fact, the levy has the effect of off-setting the internal reduction of duties. This adjustment is necessary insofar as "non-member products", on the one hand, and products originating in a Member State or in free circulation in the EEC, on the other, call for different treatment. It is adequate to the extent that it varies inversely with the reduction in internal duties.

In the final period, when this reduction is complete, "non-member products" will be put into free circulation at the common customs rate.

Moreover, this customs burden has the advantage of being equal in all Member States since it is calculated on the common customs tariff. And this equality,

which already existed before the Common Market came into force (complete absence of duty) will also be found at the end of the transitional period (when goods will be put into free circulation at the common customs rate).

9. The levy device raises no major difficulties in customs techniques, nor will it saddle trade with many formalities. Based on co-operation between the national customs authorities, it enables goods made from material imported for processing to be cleared under the same tariff and quota conditions as those meeting the requirements of Article 9 (2) of the Treaty.

The payment of the levy is made at the customs exit offices where at the same time certificates of temporary admission are cleared. The levy is calculated on the basis of the values of the products at the time of their import into the processing Member State. When the customs system for processing traffic consists of a drawback or of a duty refund system, duties charged on the entry of "non-member products" are only refunded after deduction of the levy.

10. It is perhaps useful to recall that the exporter is not obliged to pay the levy. Firstly, it is in his interest to put into free circulation "non-member products" he is using whenever the appropriate customs duty is less than the levy (these cases are, however, rare). Next, it may be in his interest to sell his goods without a free circulation certificate, when the tariff reduction he enjoys in the importing Member State is less than the levy. It is worth noting, however, that tariff considerations are not the only ones to be taken into account : in certain cases, the exporter of goods obtained by processing traffic will need to apply for a free circulation certificate if he is to benefit from the elimination of quantitative restrictions between Member States.

11. The system established by the Commission's decision of 28 June 1960 provides in this way an original solution to a complex problem which has arisen or arises in other customs associations (ECSC, EFTA).

Where processing traffic in ECSC products is concerned, the Commission on 5 December 1960 took a further decision which applies the same levy system to these products when the fact of their being processed brings them into categories of goods dealt with in the Treaty of Rome. The levy charged is then based on the harmonized national tariffs in force in the six ECSC Member States.

III. The Activities of the Community

EXTERNAL RELATIONS

Inter-European trade problems

1. The examining committee set up by the study group of the Committee on Trade Problems of the "Twenty-One" met in Paris from 11 to 14 January. The purpose of the meeting was to examine lists of products to be eliminated and requests for the maintenance of others which had been submitted by the member countries of EFTA. Agreement was reached between importing and exporting countries on a fairly considerable number of products. However, as it has not yet been possible to draw up a balance sheet of the reciprocal concessions, all the members of the examining committee expressed a general reservation on the results of the work as a whole.

A separate list was drawn up covering the headings on which it was not possible to agree.

The work of the examining committee is the last stage in the study group's preparation of the statistical and tariff information required as a basis for solutions to the problems of inter-European trade.

The GATT tariff negotiations

2. The Special Committee set up under Article 111 met in Brussels on 24, 25, 30 and 31 January and studied the proposals made by the Commission's delegation to GATT on fresh customs concessions to be offered at the negotiations under Article XXIV (6) of the General Agreement. These concessions include both new bindings and reductions in customs duties.

(It is recalled that the purpose of the negotiations is to ensure that the concessions previously granted by the different Member States will be taken over into the common customs tariff in such a way that the ensuing situation shall be no less favourable than the previous one; Article XXIV (6) lays down the conditions for these negotiations).

At its meeting of 30 and 31 January the Council heard a statement from the representative of the Commission on the state of the negotiations and discussed proposals for facilitating them, on both the industrial and the agricultural planes.

Association of Greece

The negotiations on the Treaty of association between Greece and the EEC were continued in Paris in the second half of January. Appreciable progress was made and both delegations consider that satisfactory solutions can be devised for the few problems still to be settled. For this purpose a further meeting of the two delegations was arranged, to be held in Brussels on 27 February.

Netherlands Antilles

4. On 31 January the Council heard a statement by M. Luns, Minister of Foreign Affairs of the Netherlands, in which he emphasized the importance which his Government attaches to this question. ⁽¹⁾

Relations with international organizations

5. The Preparatory Committee for the reorganization of the OEEC met on 23 January at the Château de la Muette in Paris with M. Kristensen in the chair. This was the first meeting of the Preparatory Committee since its report was approved and the Convention establishing the Organisation for Economic Co-operation and Development was signed by the Ministers of the twenty member countries at the conference held on 13 and 14 December 1960.

The present task of the Preparatory Committee is to work out proposals which will complement its report and facilitate the entry into force of the OECD. In addition the Committee still has to settle several specific problems which relate to the structure of the OECD, its external relations and the study of the Acts of OEEC which are to be retained by the OECD. In connection with this last point the Preparatory Committee has set up a Drafting Group to study these Acts.

The Commission's reply to the Brazilian memorandum

6. The Commission of the European Economic Community has sent a note to the Brazilian Government replying to a memorandum which the latter addressed to it in July 1960.

This memorandum listed a number of economic sectors in which the Brazilian Government felt that the Community should undertake positive action to prevent injury to the economies of Latin American countries and to assist them in their present efforts at economic improvement. Stabilization of raw materials prices,

(1) See this Bulletin, Chapter IV, sec. B.

export credits for equipment goods, the co-ordination of technical assistance and of investment figured among the sectors quoted in the memorandum.

In its reply the Commission assures the Brazilian Government that the Community has noted with satisfaction that the suggestions contained in the memorandum are to a great extent the same as the ideas set out in the memorandum which it sent to the countries of Latin America on 11 April 1958 and which, since that time, have continued to be the subject of study.

The note then continues as follows : The "Institutions of the Community have given attentive study to the numerous suggestions and proposals contained in the memorandum submitted by the Brazilian Government and have noted that these ideas, as well as other elements which might appear in the course of studies to be made later, deserve to be the subject of reciprocal exchanges of information and merit more detailed discussion.

The Community notes that certain problems raised by the Brazilian Government are also of very great interest to other countries of Latin America. Furthermore, the recent establishment of economic groupings between countries of Latin America is also likely to modify certain aspects of the problems which will have to be studied and discussed.

In order that the exchange of views now begun may be deepened and expanded in a way which takes due account of the foregoing and can produce results that will be satisfactory to both sides, the Commission proposes, on behalf of the European Economic Community and in agreement with the Member States, that preliminary conversations be opened.

If the Brazilian Government accepts this suggestion, the Community would be happy to meet its representatives in Brussels at any date which the Brazilian Government would care to propose."

Relations with non-member countries

7. The competent institutions of the European Economic Community have given their agrément to the appointment of Ambassadors Francis Biggar, Takoso Shimoda and Primo Villa Michel as Heads of the Irish, Japanese and Mexican Missions to the European Economic Community.

On 10 February the following 22 countries had established diplomatic relations with EEC : the United States of America, Greece, Denmark, Sweden, Switzerland, the United Kingdom, Austria, Canada, New Zealand, Israel, Australia, Brazil, Morocco, Norway, the Union of South Africa, Spain, Ireland, Japan, Mexico, Columbia, Peru and Portugal. The procedure for the accreditation of the Heads of Mission from Columbia and Peru has not yet been completed. As for Portugal,

the principle of whose representation with the EEC has been accepted since 14 September 1959, it has not yet proposed the name of a Head of Mission for the European Economic Community.

ECONOMIC AND FINANCIAL AFFAIRS

Policy relating to economic trends

8. The Committee on Policy relating to Economic Trends met on 6 February 1961 under the chairmanship of Under-Secretary of State Müller-Armack. It studied the likely evolution of the underlying trend in the EEC countries and concluded that the present expansion of internal demand might be expected to continue in most member countries during the first half of 1961. The Committee also studied the problems arising from the ways in which the business trend was developing in the United States and in Europe.

The Committee further heard a statement from the representatives of the Commission concerning the work it had undertaken, with the help of the institutes in the various countries, to improve the instruments of economic observation provided by enquiries into the business trend carried out on comparable bases in the various Community countries. The Committee emphasized the importance of this work, to which it has given its support.

Co-ordination of Policy on Credit Insurance

9. The Group for the Co-ordination of Policy on Credit Insurance, Guarantees and Financial Credits held its second meeting on 13 January in Brussels. It discussed problems arising from the harmonization of credit insurance policies of the classical type (5 years).

A small committee was instructed to draw up a report on the specific harmonization measures which should be envisaged, on the adjustments needed to make joint operations possible and on the procedures by which the Six could consult together on the adoption of a common attitude. This committee will have to submit the most complete interim report possible to the next meeting of the Co-ordination Group on 17 March.

The Group also had a preliminary discussion of the problems relating to credits granted for a period exceeding 5 years.

Economic trends

10. The first number in the 1961 series of the "Graphs and Notes on Economic Trends in the Community" appeared on 30 January. The salient features of the

recent trend in the Community as described in this publication may be summed up as follows :

On the whole, internal demand remained buoyant and the slackening of external demand did not become any more pronounced. In fact, the drop in Community exports to non-member countries which, in the summer of 1960, had exceeded the dimensions of the usual seasonal trend — chiefly because of falling sales to the United States — did not continue during the autumn.

Similarly, the slowdown in intra-Community trade observed early in the year and during the summer of 1960 ceased to be felt in recent months. This has not, however, been followed by any sharp recovery but only by a relatively moderate advance. Nevertheless, intra-Community trade is still expanding more rapidly than exports to non-member countries. Trade between the member countries will probably continue to develop favourably during the coming months under the influence of the anticipated growth of economic activity in the Community and of the measures taken at the beginning of 1961 to speed up the establishment of the Common Market.

The expansion of industrial production continued in the Community whilst stagnation and even recession have been the lot of the United States and Great Britain for some time. In fact, the considerable slackening in the growth of external demand observed during the summer of 1960 has so far slowed down production but little. The continuing upsurge of economic activity has been followed by a further reduction in the number of unemployed in all Member States save Belgium. For 1960 as a whole the monthly average unemployment rate was particularly low, and this fall in unemployment, coupled with the natural growth of the population and a slightly longer working week, led to an exceptional increase (5%) in the number of hours worked.

The slight tendency for consumer prices to rise which appeared in November continued through the last month of 1960. Although production again expanded very considerably during the year and imports went up appreciably, the prices of industrial products and services tended on the whole to move upwards. Until the autumn this trend was masked in most of the countries by a fall in the prices of agricultural products. Since then stabilization and even a slight increase has occurred in the latter sector, so that the general level of consumer prices has tended to rise.

The trade balance of the Community improved somewhat at the end of 1960. Allowing for the influx of short-term capital which again occurred, although to a smaller extent than previously, the reserves of the official monetary institutions of the Community showed a further rise in the last quarter of 1960, bringing the total increase for the year to around \$3,000 million. Thus the salient feature of the money market has continued to be an increase in liquidities even in Belgium,

where the situation has definitely eased after the rise in interest rates which had appeared under the influence of certain capital movements and the increase in bank rate. The volume of short-term credits has continued to grow in most member countries, in particular as a result of the upsurge of investment. Demand for credits has been particularly strong in France, as well as in the Federal Republic, where recourse has been had to foreign credits because of the differing interest rates. A fall in the volume of short-term credits was observed only in Belgium in the third quarter after the period of tension attributable to the Congo crisis.

THE INTERNAL MARKET

Freedom of establishment and the free supply of services

11. In conformity with Articles 54 and 63 of the Treaty, the Council has consulted the European Parliament on the Commission's proposals relating to the general programme for the elimination of restrictions on the freedom of establishment and to the general programme for the elimination of restrictions on the free supply of services.

The competent Parliamentary Committees are at present studying the Commission's two proposals. A draft resolution, which will contain the required opinion on each of these two general programmes, has been prepared by the Committee on the Internal Market, and will be submitted to the Parliament at the March session. On this occasion the Parliament will also adopt the draft reports on the two programmes prepared by the Committee on the Internal Market.

At a session on 1 and 2 February the Economic and Social Committee finalized its opinions on the draft general programme for the elimination of restrictions on the freedom of establishment and on the draft general programme for the elimination of restrictions on the free supply of services.

The Committee approved the two programmes worked out by the Commission subject to certain comments, suggestions and amendments; however, the amendments requested are few and chiefly concern the Commission's proposals on the elimination of restrictions in the matter of public tenders. The request for amendments to the time-tables which the Commission had proposed for the liberalization of operations aim particularly at accelerating the treatment given to certain activities.

An analysis of the opinions adopted by the Economic and Social Committee will be published in the next number of the Bulletin at the same time as an analysis of the opinions given by the Parliament.

COMPETITION

Fiscal problems

12. As part of the work being done on the harmonization of turnover taxes Study Group B held its fourth meeting on 9 and 10 January 1961. The Group had been instructed to examine the possibility of introducing in the six countries a single general tax levied at the stage prior to retail trading (and combined, possibly, with a low tax on retailers on the basis of a national system). At this meeting the Group thoroughly examined the fiscal system to be applied to investment goods and more particularly the effects on prices that might be produced by taxes on these goods (cumulative effect of the tax) and on the rate of the tax (budgetary effect). The Group also drafted a large part of the report setting out the results of its work.

Study Group A, which is examining the possibility of abolishing physical controls at frontiers ⁽¹⁾, will hold its second meeting at the end of February. The Group expects to be able to draw the conclusions from its studies at this meeting.

A fifth meeting of Study Group C (instructed to study a common added-value tax combined, if necessary, with a tax levied at the marketing stage) has been arranged for March. ⁽¹⁾

13. On 12 and 13 January tax measures taken in Italy were examined by the multilateral meeting referred to in the last Bulletin.

It will be remembered that the Italian Government had taken measures in the field of countervailing charges on imports and drawbacks on exports affecting 200 tariff headings.

Analysis of the cost price of several products of the Italian mechanical engineering industry was carried out to pinpoint the incidence of the turnover tax during their manufacture. The experts of the five countries gave their agreement in principle to the comments previously formulated by the Commission's staff, particularly those on the method and the calculations used by the Italian Government to fix the rate of drawback and countervailing charges in the mechanical engineering field.

A second discussion between the Commission and the Italian Minister of Finance — the first was held on 5 December — took place in Rome to discuss the results of the multilateral meeting.

14. As a sequel to the complaint lodged by the Belgian Government concerning the abnormal prices of certain textile products imported from Italy, a group of experts from the six member countries met in Brussels on 31 January 1961 to study the fiscal side of this problem.

This complaint, which calls into question the rates at which the manufacturing tax is reimbursed when certain yarns are exported, was examined from the purely technical angle.

The Commission's staff are of the opinion that a solution to the problem is likely to be found shortly.

15. The Fiscal and Financial Committee, the establishment of which was referred to in Bulletin 6 & 7 /60 has continued its studies. At the second meeting, in December, the Committee discussed the problems resulting from the disparities between the financial systems of the Member States and the advisability or even the necessity of reducing these disparities.

Among these problems may be mentioned the criteria which the Member States must adopt in their fiscal and financial policy if they are not to impede the development of the Common Market; the principles in force in the country of origin and in the country of destination of goods exported; the advisability of adapting the various direct taxes; double taxation, etc.

A first draft report will be discussed at the next meeting of the Committee.

Reciprocal recognition and execution of judicial decisions

Convention on insolvency

16. In a previous Bulletin ⁽¹⁾ mention was made of the meeting, held in July 1960 at the invitation of the Commission, at which a committee of government experts began a study of how the legal situation governing the execution of judicial decisions might be improved.

The Committee met for further discussions from 24 to 26 January 1961. Study of the questions of principle was concluded and the specific problem of insolvency was tackled. Two sub-committees were set up, the first to work out concrete proposals on the basis of the results of the discussions in the meeting of July 1960 and January 1961, and the second to deal with insolvency problems in the framework of the Common Market.

The experts from the various countries will continue their discussions in June of this year on the basis of advance drafts to be prepared by the two sub-committees.

As at the previous meeting, representatives of the Hague Conference on Private International Law and of the Benelux Committee on unification of legislation were present as observers.

(1) See Bulletin No. 5 /60, Chapter II, sec. 39.

Public contracts

17. At its second meeting, held in Brussels on 20 and 21 December 1960, the mixed working party on public contracts, wishing to accelerate its studies, set up a sub-group on "freedom of establishment and services in connection with public workers" and another on the "approximation of legislation relating to public tendering".

The group dealing with the approximation of legislation relating to public tendering held its first meeting in Brussels on 19 and 20 January 1961. The aim of this group will be to eliminate, in the field of public contracts, actual discriminations due both to the differences in the systems under which public contracts are let in the six member countries and to the exercise by administrations of their power of discretion in the choice of contractor. It was possible at this first meeting to finalize a number of definitions of the most current expressions in the matter of public works contracts used in the six countries. With the help of the government experts certain details and rectifications were also added to monographs and tables prepared by the Commission to describe the system of public tendering in France and Germany.

The national delegations have shown constant interest in this work and in the studies being prepared for the first attempt, to be made at the next meeting, at effecting an approximation of the various legislations. At this meeting monographs and tables concerning Italy, Belgium, the Netherlands and Luxemburg will be finalized, the most marked differences between the systems of public contracts in the six countries brought out, and the problem of approximating them tackled.

Industrial property

18. On the basis of the two reports dealing, one with basic problems relating to the introduction of a European patent alongside the national patents, and the other with the establishment of a European trade mark, the co-ordinating committee on industrial property has established a programme of action for the working parties on patents and trade marks. This programme, which fixes the points on which legislation will need to be approximated on the basis of Article 100, serves as a guide for the studies for the preparation of two conventions establishing a European patent and a European trade mark.

For industrial designs and models it had been necessary to await the results of the diplomatic conference in the Hague (14 to 26 November 1960) for the revision of the Hague Arrangements on the international lodging of designs and models. As a result of this Conference it was decided to prepare a European convention on designs and models while taking action — on the basis of Article 100 — to reduce the widest disparities between the laws of the member countries in this field.

These various proposals were submitted in the form of a report when the Under-Secretaries of State responsible for questions of industrial property met in Brussels

on 19 December 1960. The Under-Secretaries of State agreed on a declaration of intention in which the main points of the report are recalled. This declaration will be submitted by the Under-Secretaries to their respective Governments, which will inform each other and the Commission before 31 March 1961 whether they agree with it or not.

Rules of Competition applying to enterprises

19. The draft regulation pursuant to Articles 85 and 86 transmitted by the Council to the European Parliament and the Economic and Social Committee ⁽¹⁾ was given a preliminary examination by the Parliamentary Committee on the Internal Market when it met on 3 February. There was an initial exchange of views on the problems which called for discussion. The Commission's representative underlined the importance which it attaches to a fairly early decision by the Parliament on the opinion requested by the Council.

The Section for Economic Questions of the Economic and Social Committee has also examined the draft regulation. It will meet again on 21 February to adopt a draft opinion which will then be submitted to the plenary session of Committee.

SOCIAL AFFAIRS

European Social Fund

20. The Committee of the Social Fund met in Brussels on 19 and 20 January under the chairmanship of M. Caron, interim President of the Social Affairs Group and chairman of the Committee of the European Social Fund since the departure of M. Petrilli.

At this meeting the Committee adopted its own rules of procedure.

It also adopted an opinion requested by the Commission concerning the joint interpretation of certain provisions on how Regulation No. 9 on the Social Fund is to be applied to retroactive applications for reimbursement.

Article 17 of Regulation No. 9 stipulates that Member States may submit to the Commission applications for reimbursement which must "refer to expenditure incurred by the Member States or by bodies under public law on or after 1 January 1958." According to this Article certain expenditure incurred by the Member States or the bodies under public law between 1 January 1958 and the effective date of Regulation No. 9 (20 September 1960) may come under the said provisions and consequently be covered in part by the Social Fund. This problem is particularly urgent where applications have to be submitted under the transitional provisions

(1) See Bulletin 10/60, Chapter III, sec. 20.

referred to in Article 33 of Regulation No. 9, as the time limit for submitting certain of these applications to the Commission is 20 March 1961.

Finally the Committee set up two working parties, one to examine applications concerning retraining and the other applications concerning resettlement.

Social security

Prevention of industrial accidents

21. Following the meetings in 1960 on occupational diseases and industrial medicine, a meeting on the prevention of industrial accidents took place in Brussels on 24 and 25 January 1961. It was attended by government experts and representatives from the two sides of industry and from institutions and bodies specializing in works safety. Delegates from the other European Communities, the International Labour Organisation and the International Social Security Association were also present. After having heard a report on the work undertaken as a result of the previous sessions, the meeting held a general discussion on the preparation of a programme of work concerning the problem of harmonizing regulations for the prevention of industrial accidents.

The experts were of the opinion that the first series of studies should deal with the building and public works sectors, agriculture, work in caissons and under compressed air, on pressure apparatus and on safety devices on machines.

Certain possible forms of co-operation between the Member States were examined. These included arrangements for training periods for factory inspectors and industrial safety officers and the exchange of information on results achieved by mobile exhibitions, etc.

Information was assembled concerning the ratification of the ILO conventions and on the Mines Safety Commission established by the High Authority in 1956.

Administrative Committee for the Social Security of Migrant Workers

22. The Administrative Committee of the European Economic Community for the Social Security of Migrant Workers held its 22nd session on 27 and 28 January 1961.

It adopted a draft decision fixing the period to be covered by the certificate required, under Article 64 of Regulation No. 4, for the application of Article 34 (1) of Regulation No. 3. This Article concerns the calculation of the unemployment allowance where this varies with the situation prior to the workers' change of residence.

The Committee also adopted the Secretariat's proposals on certain amendments to Annex D of Regulation No. 3, which deals with those provisions of the social security conventions which are not affected by the Regulation, and to the six Annexes to Regulation No. 4.

The Administrative Committee also adopted a report of the first meeting of the auditing committee which was officially established in December 1960. Because of the complexity of the other questions on its agenda the study of this matter will be continued at the 24th meeting in April next, since the 23rd meeting on 1, 2 and 3 March 1961 is reserved exclusively for the study of the draft supplementary Regulations on the social security of frontier and seasonal workers.

Meeting with representatives of a trade union organisation

23. On 23 and 24 January 1961 leaders of the trade union organization of the textile industry, affiliated to the International Federation of Christian Trade Unions paid a study visit to the headquarters of the Commission.

AGRICULTURE

The common agricultural policy

24. At its session of 16 and 20 January the European Parliament held an important debate on certain of the Commission's proposals in the agricultural sphere. At the conclusion of this debate the Parliament adopted a resolution giving an opinion on a proposed regulation under Article 42 of the Treaty concerning the application of certain rules of competition to the production of and trade in agricultural products. It made some amendments to the draft Regulation ⁽¹⁾, in particular when it omitted in its Article 2 (1) to state that Article 86 of the Treaty does not apply to agreements and practices which are part of a national market organization.

The Parliament also adopted a resolution on the application of a system of levies to trade in agricultural products ⁽²⁾.

The Council having requested the Parliament's opinion on the proposed decision on the levying of an import charge on certain goods manufactured from agricultural produce (Article 235 of the Treaty), the Parliamentary Committee on Agriculture declared its general agreement with the Commission's proposal. The Committee will meet again on 21 February to adopt the report prepared by M. Charpentier. M. Mansholt will represent the EEC Commission.

⁽¹⁾ See this Bulletin, Chapter IV, sec. A.

⁽²⁾ See Bulletin 1/61, Annexes, and this Bulletin, Chapter IV, sec. A.

The Special Committee for Agriculture

25. The Special Committee to prepare the Council's decision on common agricultural policy met in Berlin on 2 and 3 February. It set up a working party to examine the regulations concerning the application of certain rules of competition to agriculture (Article 42). This working party will shortly report to the Special Committee.

The Special Committee also confirmed the mandate given to the two expert groups working under a chairman from the Commission, so that they may continue their study of the first measures to be taken concerning grain and pigmeat. The two groups had met again on 25 and 26 January.

The two other groups of experts will be called together by the Commission to study the first measures required (in particular the levies) for sugar and for eggs and poultry.

The Commission will keep the Special Committee informed on these studies undertaken with the aid of its experts.

The next meeting of the Special Committee has been arranged for 2 and 3 March.

Minimum prices

26. The Parliament has voted a resolution which deviates on some important points from the proposals which the Commission has submitted to the Council concerning a decision on objective criteria for the establishment of minimum price systems and for the fixing of such prices. ⁽¹⁾

In this resolution the Parliament asks that where there is an intervention price guaranteed by the State, the level of the minimum price should not exceed the price actually charged; for the other products the level of the minimum price must not exceed 95% (instead of 90%) of the average price "save where exceptional circumstances have seriously upset the market conditions for the product".

Finally, the resolution calls for revision of the criteria not more than three years after the system comes into force, and requires that the report which the Commission makes each year to the Council shall be passed to the Parliament also (for the first time at the beginning of 1962).

At its session of 30 and 31 January the Council had a preliminary discussion of the Commission's proposals on minimum prices. The ad hoc working party and the Committee of Permanent Representatives will continue their studies in this field and should conclude their work within four weeks. ⁽²⁾

⁽¹⁾ See this Bulletin, Chapter IV, sec. A for the text of the Resolution.

⁽²⁾ See this Bulletin, Chapter IV, sec. B.

Countervailing charges

27. In January the Commission's staff called together the Government experts to study with them the technical procedures for the application of countervailing charges under Article 46 of the Treaty, and in conformity with the conclusions approved by the Council at its meeting of 20 December. The problem was examined with particular reference to the import of whole milk powder and artificial honey into Germany.

Article 46 lays down that a countervailing charge on entry shall be applied by Member States to a product when it comes from a Member State having a national market organization or other regulation affecting competition. The Commission decides what the amount of these charges shall be.

Approximation of legislation

28. The sub-group of the working party on plant health legislation, specially instructed to study problems of plant health protection in agriculture, held its first meeting on 23 and 24 January 1961. The purpose of this meeting was to define the principles which might be adopted for European regulations to combat *peronospora tabacina* (a recently discovered disease of tobacco, similar to the *peronospora* which attacks vines).

29. On 27 January the working party on foodstuffs legislation held its fourth meeting, attended by representatives of the competent Ministries in the Member States, to draw up a list of foodstuffs. After hearing reports by the sub-groups for cocoa, chocolate, wine, jams and preserved fruits, the problems of supervision and of labelling were discussed.

30. The wine sub-group of the working party on foodstuffs legislation met on 10 and 11 January and continued its studies on common definitions for wine.

31. On 19 and 20 January a meeting of government experts on veterinary legislation set up a sub-group to study the harmonization of provisions concerning cattle on the hoof.

32. On 18 and 19 January the third meeting of sub-group I on veterinary legislation took place. The meeting studied the provisions on meat for marketing in one of the six countries other than the country of origin. The sub-group continued its discussions on this draft regulation.

Committee for agricultural statistics

33. The first meeting of the Committee for agricultural statistics was held on 24 and 25 January. M. Mansholt emphasized the importance of the work of this

committee for the implementation of the common agricultural policy. It was decided to set up four working parties : a) Production statistics; b) Supply balance sheet; c) Agricultural prices; d) Statistics on agricultural structures.

TRANSPORT

Statutory provisions governing transport

34. The Commission's staff is at present putting the finishing touches to a general report on the laws and regulations concerning rail, river and road transport in the member countries. This document, on which the competent Ministries in the six countries are to be consulted, will outline the principal measures taken within the Community to co-ordinate transport. It constitutes one of the indispensable instruments for the elaboration of the common transport policy, which must take into account the factual situation in each of the six countries and their national transport policies.

Establishment of a uniform nomenclature for goods

35. As already reported in earlier numbers of this Bulletin, work on the establishment of a uniform nomenclature of goods and the study of the problems relating to the introduction of this nomenclature on 1 January 1962 are practically concluded. The report in which the group of experts sets out the results of these studies has just been finished and will be submitted to the Commission for approval during the coming weeks. The Commission will then lay down the official procedure for the approval of the nomenclature by the Governments of the Member States. A meeting of the group of experts is planned for the end of March to draw up the analytical and alphabetical lists, so that the executive services shall have available a practical working document.

Application of the uniform nomenclature of goods in the road transport sector

36. It became clear, in the meetings of the group of experts instructed to draw up a uniform nomenclature, that the establishment of road transport statistics on the basis of this nomenclature gave rise to specially difficult problems which could usefully be referred to a panel of experts for study.

The Commission requested the Member States to establish such a panel as rapidly as possible; a first meeting of the panel is to take place on 1 and 2 March in Brussels. Its purpose will be to decide on the goods to be covered by statistics on road transport drawn up on the basis of the uniform nomenclature and also to examine the methods of gathering the information and to fix the implementing procedure.

The choice of methods will be made at a meeting of a small group of experts on spot checks which will probably be held at the beginning of April.

The aim fixed by the Commission for these studies is simultaneous implementation of the nomenclature on 1 January 1962 in all three forms of inland transport.

Infrastructure of communication networks in the Community

37. The Commission is at present preparing meetings of committees of government experts to examine problems in connection with the expansion and modernization of the infrastructure available to the three forms of transport.

The aim of these meetings, which are organized by sectors (rail, road and inland waterways) will be to put the finishing touches to the Commission's recommendations on the transport infrastructure in the Community; these were sent to the Governments in June 1960.

The meetings will provide the opportunity to make the additions and amendments proposed by the Council of Ministers on 6 December, and to comply with the wishes expressed in the unanimous resolution of the European Parliament at its November 1960 session.

Improvement of the technical conditions of frontier crossing

38. The Commission is concerned about the technical difficulties met by carriers in crossing frontiers, whether by rail, road or inland waterway.

Enquiries and preliminary studies are going on. A summary of the entire problem will be made to serve as a basis for discussions in meetings which will be organized by the Commission.

OVERSEAS DEVELOPMENT

39. The Prime Minister of Somalia, Abdirashid Ali Soermars, informed the President of the EEC Commission on 24 January 1961 of his Government's wish to maintain the association of Somalia with the European Economic Community until 31 December 1962 (expiry of the Implementing Convention).

The Commission noted this wish with interest and forwarded the Government of Somalia's letter to the Council in conformity with the usual procedure.

The Euro-African Parliamentary Meeting in Rome

40. A meeting to prepare the Conference of the European Parliament with the Parliaments of African States and of Madagascar was held from 24 to 26 January

in Rome with M. Hans Furler, President of the European Parliament, in the chair. The Conference is to be held from 19 to 24 June 1961 in Strasbourg (1).

The text of the Final Act of this meeting is given below :

Final Act

a) As a result of a resolution adopted by the European Parliament on 31 March 1960, a preparatory meeting has been held in Rome from 24 to 26 January 1961; its purpose was to prepare for a Conference in which the European Parliament and the Parliaments of African States and of Madagascar will take part. This preparatory meeting was attended by :

i) A delegation of 24 members from the European Parliament and

ii) Delegations from the Parliaments of Madagascar and of the African States which maintain special economic relations with the Community under the Treaty establishing the European Economic Community. These are :

Republic of Cameroon,
Central African Republic,
Republic of Congo (Brazzaville),
Republic of Congo (Leopoldville),
Republic of Ivory Coast,
Republic of Dahomey,
Gabonese Republic,
Republic of Upper Volta,
Malagasy Republic,
Republic of Mali,
Islamic Republic of Mauritania,
Republic of Niger,
Republic of Senegal,
Republic of Somalia,
Republic of Chad,
Republic of Togoland.

The representatives of the High Authority,
of the Commission of the European Economic Community and
of the Commission of the European Atomic Energy Community.

b) It was agreed that an invitation to the Conference be sent to Ruanda and to Urundi as soon as a Parliament has been set up.

Further, the preparatory meeting entrusted the Bureau of the European Parliament with the task of taking the necessary measures to invite the Republic of Guinea to take part in the Conference.

c) This Conference will take place from Monday 19 June to Saturday 24 June at the Maison de l'Europe in Strasbourg.

Together with the members of the European Parliament, more than 100 delegates from the above mentioned African States and from Madagascar will take part in this Conference, that is to say approximately 1 delegate per 500,000 inhabitants, with a minimum of 4 delegates from each country.

d) All the delegates at the preparatory meeting emphasized that the coming Conference should be based on equality of members and should allow for a free exchange of views.

The political and economic conditions for fostering even closer co-operation between the African States and Madagascar on the one hand and the European Community on the other, as well as between these countries' Parliaments and the European Parliament, will be examined during this Conference. Such co-operation should be based on the free and sovereign decisions of all those concerned and should take into account the constitutional position of each of the countries.

e) The preparatory meeting grouped the suggestions of the delegates under four main headings to be put on the agenda :

- i) Political and institutional forms of co-operation;
- ii) Economic problems;
- iii) Technical assistance and cultural exchanges;
- iv) The Development Fund and its management.

The preparatory meeting approved this agenda and listed for each of the four main headings a series of detailed questions, and these were attached to the agenda.

f) Rules of procedure for the Conference were drawn up.

g) A liaison committee was set up. Its task is to continue the preparations dealing both with organizational problems and with matters to be discussed at the Conference.

This liaison committee consists of one delegate from each of the participating African States and from Madagascar and of an equal number of members of the European Parliament.

It was arranged that the liaison committee would meet for several days during the second half of April or at the beginning of May 1961.

During discussions in the preparatory meeting the belief was generally expressed that co-operation between Madagascar and the African States and the European Economic Community needed to be revised and strengthened, always without prejudice to the independence of these States.

The preparatory meeting's discussions have also shown that this kind of contact does much to facilitate the work done with a view to later developments.

All the delegates to the preparatory meeting have expressed the hope that the Parliamentary Conference will help the Governments of the European and African States to be fully aware of all that is demanded by the situation when, in the near future, negotiations begin on new forms of co-operation, and that the Conference will lead them to reach an agreement quickly.

During the Conference all wishes and suggestions are to be freely expressed without definite commitments being made at this initial stage.

Here is the list of those taking part in the preparatory meeting in Rome :

Chairman of the Meeting :

M. FURLER, Hans
in his capacity as President of the European Parliament

Participants :

a) Representatives from the European Parliament :

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| MM. FOHRMANN, Jean | Vice-President of the European Parliament Member of the Luxembourg Parliament |
| JANSSENS, Charles | Vice-President of the European Parliament Member of the Belgian Parliament |
| BATTAGLIA, Edoardo | Vice-President of the European Parliament Senator — Italy |
| VANRULLEN, Emile | Vice-President of the European Parliament Senator — France |
| RUBINACCI, Leopoldo | Vice-President of the European Parliament Senator — Italy |
| KALBITZER, Helmut | Vice-President of the European Parliament Member of the Bundestag — Germany (F.R.) |
| VENDROUX, Jacques | Vice-President of the European Parliament Member of the French Assembly |
| POHER, Alain | Chairman of the Christian-Democrat Group of the European Parliament Senator — France |
| PLEVEN, René | Chairman of the Liberal and Allied Group Member of the French Assembly |
| BIRKELBACH, Willi | Chairman of the Socialist Group of the European Parliament Member of the Bundestag — Germany (F.R.) |

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| MM. BATTISTA, Emilio | Senator — Italy |
| SCHEEL, Walter | Member of the Bundestag — Germany (F.R.) |
| VALS, Francis | Member of the French Assembly |
| ANGIOY, Giovanni M. | Member of the Italian Parliament |
| DE BLOCK, August | Senator — Belgium |
| DUVIEUSART, Jean | Senator — Belgium |
| KOPF, Herman | Member of the Bundestag — Germany (F.R.) |
| MARTINO, Gaetano | Member of the Italian Parliament |
| METZGER, Ludwig | Member of the Bundestag — Germany (F.R.) |
| NEDERHORST, Gérard | Member of the Second Chamber of the States General — Netherlands |
| PEDINI, Mario | Member of the Italian Parliament |
| PEYREFITTE, Alain | Member of the French Assembly |

b) Representatives from the Parliaments of African States and of Madagascar :

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| MM. KEMAYOU HAPPI, Louis | Republic of Cameroon — President of the National Assembly |
| ALIM, Hammadou | Member of the National Assembly, President of the Foreign Affairs Committee |
| ADAMA TAMBOUX | Central African Republic — President of the National Assembly |
| BOUAKA | Member of the National Assembly, Secretary to the Bureau of the Assembly |
| A. MASSAMBA-DEBAT | Republic of Congo (Brazzaville) — President of the National Assembly |
| MAKITA, Paul | Member of the National Assembly |
| PROMONTORIO | Republic of Congo (Leopoldville) — Senator |
| PINZI | Member of the National Assembly |
| NDELE | Commissioner General for Finance |
| KASONGO, Julien | Assistant Commissioner for the Plan |
| YACE, Philippe | Republic of Ivory Coast — President of the National Assembly |
| M'BAHIA BLE | Treasurer of the National Assembly |
| APLOGAN DJIBODE, Valentin | Republic of Dahomey — President of the National Assembly |
| MENSAH | Member of the National Assembly |
| MOKOKO, Jérôme | Republic of Gaboon — President of the National Assembly |
| MEYE, François | Member of the National Assembly, Minister of Finance |
| BONANE, Fulgence | Republic of Upper Volta — President of the National Assembly |
| THIOMBIANO, Benoit | Member of the National Assembly |

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| NANY, Alfred | Malagasy Republic — President of the National Assembly |
| RAKOTO ZAFIMAHERY, Alexandre | Member of the National Assembly |
| RAVONY, Jules | President of the Senate |
| JAPHET, Siméon | Vice-President of the Senate |
| H Aidara, Mahmane Alassane | Republic of Mali — President of the National Assembly |
| SYLIA, Mohamed | Member of the National Assembly |
| SIDI EL MOKHTAR, N'Diaye | Islamic Republic of Mauritania — President of the National Assembly |
| BAKAR OULD AHMEDOU | Member of the National Assembly |
| AMADOU GAOH | Republic of Niger — Member of the National Assembly, Treasurer of the National Assembly |
| LAMINE GUEYE | Republic of Senegal — President of the National Assembly |
| GUILLABERT, André | First Vice-President of the National Assembly |
| Haji Basher Ismail | Republic of Somalia — Vice-President of the National Assembly |
| ISMAIL SAMANTAR, Yussuf | Vice-President of the National Assembly |
| DOUNIA, Marc | Republic of Chad — First Vice-President of the National Assembly |
| TAHIR ABDEL DJELIL | Second Vice-President of the National Assembly |
| SAVI DE TOVE, Jonathan | Republic of Togoland — President of the Lower House |
| AFOLA, Philippe | Member of the National Assembly |

c) Representatives from the European Communities :

| | |
|-----------------------|--|
| MM. HALLSTEIN, Walter | President of the EEC Commission |
| LEMAIGNEN, Robert | Member of the EEC Commission |
| CARON, Giuseppe | Vice-President of the EEC Commission |
| HIRSCH, Etienne | President of the EAEC Commission |
| MEDI, Enrico | Vice-President of the EAEC Commission |
| WEHRER, Albert | Member of the High Authority of the ECSC |
| REYNAUD, Roger | Member of the High Authority of the ECSC |

M. Calmes, Secretary-General to the Councils of the European Communities, attended the meeting as an observer.

Technical assistance for the development countries

41. The Technical Assistance Group for the development countries (set up by a decision of the Council dated 19 October 1960) held its second meeting on 31 January 1961. The Group fixed the outlines of a procedure by which information

on technical assistance would be exchanged between the Member States and the Commission. The exchange of information will take the form of periodical reports on work done, and of running reports on projects still on the stocks. The Group noted that the purpose of this action was to execute the Council's instructions on co-ordination of the work done by the Member States and the Commission, and, at a later date, to consider the study of joint action.

EEC scholarships programme

42. Twenty-three further EEC Commission scholarship-holders, nationals of associated countries, arrived in Brussels in January from Ivory Coast, Togoland, Dahomey, Congo (Brazzaville and Leopoldville), Madagascar, Niger, Upper Volta, the French Somali Coast and Ruanda-Urundi. They are to attend courses in various educational establishments in the six countries of the EEC.

43. It will be remembered that the Commission decided last June to grant about 100 scholarships to nationals of associated overseas countries as part of the technical co-operation activities which are gradually developing between the European Economic Community and these countries. Seventy scholarship-holders have already arrived in Europe. They have been sent to various educational institutes and organizations in the six member countries in order to acquire greater proficiency in their various callings during the academic year 1960-1961. They come from the following countries :

Cameroon, Central African Republic, Comores, Congo (Brazzaville), Congo, (Leopoldville), Ivory Coast, French Somali Coast, Dahomey, Gaboon, Upper Volta, Madagascar, Mali, Mauritania, Niger, Ruanda-Urundi.

The subjects being studied include :

- a)* Economics, economic development;
- b)* Agriculture, veterinary medicine;
- c)* Architecture;
- d)* Public administration, telecommunications;
- e)* Law, sociology.

The Commission feels that basic instruction should be provided as far as possible in the associated countries themselves. Scholarships are therefore granted mainly to enable students to acquire or complete special training in those subjects most necessary for the economic and social progress of the associated countries.

The Commission has left it to the Governments concerned to put forward candidates and to decide what should be studied. It has however reserved the right to name

the educational institutes or organizations in which the scholarship-holders might receive their training.

The Commission's staff are in close contact with these organizations. In this way the staff will not only be able to follow the progress made by the scholarship-holders, but also to use the experience gained when they draw up a further programme of scholarships for the academic year 1961-1962.

In the new programme, which is being prepared in the expectation of an increase in the number of scholarships granted, the stress is on the wider range of subjects taught and on the greater number of institutes in the member countries which are to co-operate.

44. Together with the "Jeune Europe" organization of Paris, the EEC Commission organized a study tour in Germany from 23 to 27 January for the benefit of the overseas students of the Institut des Hautes Etudes d'Outre-Mer.

In conjunction with the Collège Coopératif of Paris, the EEC Commission has also organized courses for 18 students from the associated countries. These courses, which take place in the French Maisons Familiales, are arranged to give an insight into the training of young farmers in France.

Trade

45. In January 1961 the Commission continued its work on the special internal acceleration of the Treaty in respect of products originating in the associated overseas countries and territories.

The proposals prepared by the Commission were put before the Council at its session of 30 and 31 January. The Council discussed these proposals and instructed the Committee of Permanent Representatives to continue its work in this field and to report back as soon as possible.

At the same session the Council took note with great interest of the communication, dated 20 January 1961, in which the President of Ivory Coast suggests to the President of the Council that there should be a meeting at ministerial level between the Council of the Community and the representatives of the Governments of the associated States, at which a number of common problems could be examined.

It will be remembered that the Council, at its session in October 1960, provided for certain adjustments in the system of association in the cases of countries which have acquired independence. These adjustments include the organization of ad hoc meetings between the Council, the responsible ministers of the associated countries and the Commission, as well as the organization of ad hoc meetings of the Representatives accredited to the Community and the Committee of Permanent Representatives, at which the Commission's representatives would also take part ⁽¹⁾.

Realizing the importance of this démarche by the President of the Republic of Ivory Coast, the Council instructed the Committee of Permanent Representatives to submit to the new session of the Council, fixed for February, a report showing what practical steps might be suggested in the light of this request.

Subsequently, Congo (Brazzaville) and Dahomey also requested that a meeting at ministerial level be held between the Council and representatives from the Governments of the associated States.

In the field of tariffs and quotas the Commission has been considering the measures in force in the associated overseas countries. Certain problems concerning the steps taken to establish quota frameworks in the franc area are under study.

46. As part of the studies being made with a view to the renewal of the Association Convention, an inventory has been prepared which covers the tariff, quota and trade preferences reserved to the overseas states on the markets of the Member States.

47. Various other problems concerning the association of the overseas countries and territories have claimed the Commission's attention, in particular the special charge on roasted coffee imported into France, the organization of the sugar market in the EEC, the adjustment of the Italian banana monopoly and the granting of tariff quotas for tropical timber.

The European Development Fund

48. In January the Commission approved the financing by the European Development Fund of the following social projects :

1. In the Republic of Dahomey :

a) Bringing water supplies to Ouidah, with a provisional commitment of 275,000 units of account (c. 68 million frs. CFA).

b) Study of animal trypanosomiasis, with a provisional commitment of 243,000 units of account (c. 60 million frs. CFA);

Ouidah, a large town in Lower Dahomey to the west of Cotonou, has a population of more than 15,000 inhabitants. Its water supply is obtained at present from wells whose water is not always drinkable, since the town lies only a few kilometres from the coast near an area of swamps.

The vigorous growth in the town's population makes a system for the distribution of drinking water necessary if the spreading of many diseases is to be avoided. The object of the first project, which is part of a programme for increasing and

improving supplies of drinking water in the principal towns and villages of Dahomey, is to meet this need.

The second project is part of a campaign being waged against carriers of trypanosomes by destroying the breeding-grounds of the tsetse fly.

Trypanosomes cause substantial losses of livestock in Dahomey every year and make a normal expansion of stock-breeding impossible.

It can be estimated that at least 3/5 of the pasture land, taking the country as a whole, are left unused because they are infested with the tsetse fly.

2. In the Republic of Upper Volta;

a) Development of rural education, with a provisional commitment of 2,026,000 units of account (c. 500,000,000 frs. CFA);

b) Bringing water supplies to Koudougou, Kaya and Ouahigouya, with a provisional commitment of 660,000 units of account (c. 115,000,000 frs. CFA).

The aim of the first project is to make the investments required for the implementation of the first instalment of the rural schools plan, drawn up in 1959 by a group of specialists and approved by the Council of Ministers of the National Assembly of Upper Volta.

The aim of this plan is to establish a network of rural schools which are to provide a primary education adapted both to the present and future needs of the Voltaic economy and to means available in the national budget.

Finance made available by the Fund will go to the construction of a building at Ouagadougou for the rural education service, seven billets for Rural Education Officers and 225 rural education centres spread throughout the districts of Bobo-Dioulasso, Ouahigouya and Ouagadougou.

The aim of the second project is to bring water to three towns which have at present no regular water supply system. The work is part of a general programme for increasing and improving the supply of water in the main towns of Upper Volta. The three centres concerned at present make use of wells which by the end of the dry season no longer cover the minimum needs of the population. The water from the wells is often polluted and gives rise to water-borne infection.

The execution of these schemes would transform the present situation, which is being aggravated by the progressive modernization of these centres.

49. Acting on proposals from the Commission, the Council in the same month approved the financing by the European Development Fund of the following economic projects :

1. In the Republic of Mali :

- a) Three rice cultivation projects, with a provisional commitment of 1,650,000 units of account (c. 407,000,000 frs. CFA);
- b) Construction of watering points in the pastures, with a provisional commitment of 932,000 units of account (c. 230,000,000 frs. CFA).

The first project provides for the improvement of about 13,300 hectares in the areas of Niafunké and Mopti. A considerable increase in the regularity of the crops as well as in their quantity is expected, and this will certainly improve the standard of living of the local population.

The region to which the scheme applies is situated in the flood area of the lower delta of the Niger. This region, in which there is considerable scope for cultivation, suffers from the uncertain nature of the Niger's floods, which prevents any increase in cultivation. The Rural Engineers have for some time past been making improvements with results which have been so satisfactory that it has been decided to extend operations to all the areas in which natural conditions appear propitious.

The aim of the second project is to improve conditions for rearing livestock which, though probably the main source of the country's wealth, cannot expand as it should, largely owing to the shortage of water. The result is that in the dry season flocks and herds collect around the watering points, gradually ruining the neighbouring pastures, whilst wide areas of good pasture lie unused.

The implementation of the project calls for the construction of 15 ordinary wells and 11 deep wells and for the modernization of 20 existing wells. The operations are spread over the districts of Gao, Niafunké and Nara.

2. In the Central African Republic :

- a) Construction of bridges for rural tracks, with a provisional commitment of 106,000 units of account (c. 26 million frs. CFA);
- b) Improvement of the road from Damara to Fort Sibut, with a provisional commitment of 1,054,000 units of account (c. 260 million frs. CFA);
- c) Provision of equipment for mechanical maintenance units to service the main highways, with a provisional commitment of 962,000 units of account (c. 237 million frs. CFA).

The purpose of the first project is to facilitate the removal of agricultural products from the districts of Bambari, Ippy, Grimari and Bakala, in the region of Ouaka (in particular cotton, coffee, groundnuts and sesame) by building 14 bridges along the tracks of the Upper Baidou and 10 bridges along the M'Bres track. These bridges will vary in length from 4 to 36 metres.

The second project is part of a vast programme for the modernization and extension of the Central African Republic's road network; road transport is for this country almost the sole means of marketing its products and of importing the goods needed for its population and its development, since there are no railways and very few navigable waterways.

The road section to be modernized and improved is about 110 kilometres long and links the port of Bangui, centre of the import-export trade, to the whole road network in the eastern part of the country; this comprises some 7,000 kilometres of roads and tracks. The project concerns either directly or indirectly a population of about 500,000 people spread over nearly 400,000 square kilometres.

The last project aims at the renewal of the equipment used by the Department of Public Works of the Central African Republic, so as to bring it to a level at which it can ensure that the country's road network is maintained in good working condition. This network comprises 17,500 kilometres of roads and tracks, including 2,235 kilometres of main road. Responsibility for the maintenance of the main roads, which carry all the year round as many as 80 heavy vehicles a day, lies with the Public Works Service, which at present has four sub-divisions equipped with mechanical maintenance units. The equipment is antiquated, ill-assorted and too heavy for its present duties, and this leads to high running costs and very limited mobility.

During the same period the following financing conventions were signed :

- (i) a financing convention with the Malagasy Republic, covering two economic projects, with a provisional commitment of 1,950,000 units of account.
- (ii) 2 financing conventions with the Republic of Cameroon, covering 4 economic projects, with a provisional commitment of 3,426,000 units of account.
- (iii) 1 financing convention with the Republic of Senegal, covering 1 social project, with a provisional commitment of 4,254,000 units of account.
- (iv) 1 financing convention with the Republic of Mali, covering 1 economic project, with a provisional commitment of 2,431,000 units of account.
- (v) 1 financing convention with the Republic of Gaboon, covering 2 economic projects, with a provisional commitment of 4,052,000 units of account.

IV. Institutions and Organs

A. THE EUROPEAN PARLIAMENT

The Parliament met in plenary session from 16 to 20 January 1961 under the presidency of M. Furler.

Opening the session, the President paid tribute to the memory of M. Hazenbosch, a Vice-President, who had lost his life in a car accident.

Referring to the reorganization of the Secretariat-General of the Parliament, M. Furler informed members of the changes necessitated by the increasingly wide range of activities covered by the Parliament. M. Hazenbosch, with M. Janssens and M. van Rullen, had been entrusted with an interim task; M. Furler said that he would himself take over the work that was to have been done by M. Hazenbosch.

The Parliament heard a statement by M. Wigny, President in office of the Councils, on the activities of the Councils in the second half of 1960 ⁽¹⁾. M. Wigny limited his statement to two points: the association of the overseas countries with the Community, and the problems of agriculture. Congratulating the Assembly on its initiative in organizing a Euro-African conference, he stressed the importance of the Council's decision that the association with the Community of those overseas countries and territories which so desired should be maintained by agreement and until further notice. These countries would, he said, be able to be represented at the seat of the Community and to address their investment plans to the Community direct; ad hoc meetings could be organized between the representatives of the associated States and the Permanent Representatives of the Six; and it would be possible for the responsible Ministers of the overseas countries and territories and of the Councils to hold once or twice a year meetings in which the Commission would take part. M. Wigny added that these measures were not a final "institutional" set-up.

The Commission was requested to complete the proposals on the common agricultural policy, with due regard to the interests of the associated overseas countries and territories and to submit, by the end of February, proposals for stabilizing the export revenue of these countries.

Referring to the agricultural problem, M. Wigny emphasized that the will of the Six had become stronger in this respect and that the decisions taken on this issue were of political importance. The Commission had to submit concrete proposals on grain and pigmeat by 31 May and on sugar, eggs and poultry by 31 July. Apart from these two fundamental problems — the associated overseas countries and territories, and agriculture — the Council had consulted the Parliament on a number

⁽¹⁾ Bulletin 1/61 contains a short extract from M. Wigny's statement.

of questions: the abolition of restrictions on the right of establishment and on the free supply of services, the draft regulation under Article 87 on understandings and the statute of service.

M. Wigny again affirmed the political will of the Six to conclude the association negotiations with Greece and gave an account of the situation reached in these negotiations. M. Wigny, who had not been able to take part in the colloquy between the Parliament, the Councils and the Executives in November 1960, ended his contribution to the debate with a statement made in his capacity as Belgian Minister of Foreign Affairs. He stressed the important and urgent decisions which the Councils would have to take in the coming year, such as the merger of the Executives, elections to the Parliament by universal suffrage, and the establishment of the European University.

The debate on M. Wigny's statement took place on 17 January. All speakers expressed themselves satisfied with the report presented to the Parliament by the Council, a report which was not obligatory under the Treaty.

The speakers welcomed the initial success attained in the establishment of the common agricultural policy; they voiced the Parliament's approval of the decision taken in connection with the association of overseas countries and territories which have attained independence. Some speakers referred to the relations of the Six with the other European countries, to the need for the speedy elaboration of a common commercial policy and, generally speaking, for all the common policies to be defined and implemented. The question of relations with the associated overseas countries and territories provided certain speakers with an opportunity to say that the spirit of this association, for which no time limit is set by the Treaty, must be preserved unchanged, though there would of course have to be a new approach to these problems now that the countries had attained independence.

Several speakers commented on the functioning and the administration of the Development Fund, the stabilization of the export revenues of the associated States and the opening of outlets in Europe for the products of these countries. In reply, President Hallstein ⁽¹⁾ recalled that the Community was not living in isolation from the rest of the world and that it had given proof of its intention to practise a liberal policy towards the non-member countries. He reviewed the situation in the relations between the Six and the Seven and stated in particular that time was not working against a union of the Community with the other European countries, but that the progress made by the Community itself would help to bring it closer to the outside world. A new attempt at forming a large free trade area must not run the risk of failure, and that explained the cautiousness of the Governments. President Hallstein declared that a "pragmatic approach" would have to be found to solve these questions and that "pragmatic" did not mean "short-term". Referring to relationships with the associated overseas countries

and territories, President Hallstein declared that it was unthinkable that from 1963 onwards the relationships with those countries which had attained sovereignty should rest upon an instrument in the drawing up of which they had had no part; this explained the term "until further notice" used by M. Wigny in connection with the extension of the Implementing Convention after the attainment of independence and criticized by a previous speaker.

The political steps to be taken within the Six called forth some contributions to the debate. Speaking on behalf of the liberal group, M. Pleven said that the French proposals, however imperfect, were at present the only ones put forward in this field. There were in his view certain reasons which argued in favour of the proposed confederation; nevertheless, he added, juxtaposition of the six Governments would not, for any length of time, solve the problems with which Europe was faced, and their agreement did not relieve them of the duty of seeking a more effective solution. M. Pleven hoped that the heads of government would bear this in mind at their next meeting.

The debate on the application of the rules of competition to agriculture — minimum prices and levies

On 18 January M. Boscary-Monsservin, the Chairman of the Committee on Agriculture, addressed the Parliament, emphasizing the complexity of the problems involved in the agricultural policy and pointing out that the Parliamentary Committee was intentionally presenting the reports on the rules of competition, on minimum prices and on the levy system at one and the same time, because they wished to stress how important it was to harmonize the various measures envisaged; harmonization of timing seemed to him more important than the measures themselves. M. Schmidt presented the report on the rules of competition and laid particular stress on the need to forbid dumping or double-pricing practices which could be operated by non-member countries.

M. Thorn, presenting the report on minimum prices, explained that this escape clause was intended to avoid any reduction in trade and recourse to Article 226. Presenting the report on levies, M. Charpentier proposed that both internally and vis-à-vis the non-member countries these should be based on the price difference between the importing and exporting markets.

Replying to these speeches M. von der Groeben, a Member of the Commission, said that in accordance with Article 42 the proposals must be put into effect immediately, in order to establish a certain equilibrium, and M. Mansholt, a Vice-President of the Commission, asked the Committee on Agriculture to revert to the texts proposed by the Commission of the EEC, which provided for the immediate application of the rules set forth in the draft regulations. M. Mansholt feared that too close a link-up between the common agricultural policy and the rules of competition might paralyse action by the Community.

The debate on the social situation of agricultural workers

On 19 January the Parliament debated the social situation of agricultural wage-earners. Presenting his interim report, M. van der Ploeg drew attention to the unsatisfactory situation in which some 3 million agricultural wage-earners found themselves; he proposed that the average working hours in agriculture should be brought into line with those in industry and suggested that every endeavour should be made to establish minimum wages.

M. Mansholt said that the implementation of the common agricultural policy would mean that fairly rapid progress in this direction could be made, and he considered that the increase in productivity should bring about a rise in wages. The following points were then brought up in the debate: the reduction in the number of permanent jobs, and the outlook for agriculture (especially in Italy); social security; health matters; the need to regulate the work of women and children; the part to be played by the trade unions in the improvement of working conditions in agriculture and in raising the cultural level of agricultural wage-earners.

The Parliament also heard an exposé by M. Marjolin (published in Bulletin 1/61) on the economic situation in the Community and the outlook for 1961. This statement was not debated, but was referred to the Committee on Long-term Economic Policy and Investments.

The session of 20 January was taken up with the passing of resolutions.

The opinion on the proposed regulation applying the rules of competition to agriculture, and the resolutions

Consulted by the Council on a draft regulation, under Article 42 of the Treaty, by which certain rules of competition would be applied to the production of and trade in agricultural products, the Parliament made certain amendments to the Commission's draft and then unanimously adopted an opinion on it. In this opinion the Parliament requested the omission from Article 2 (1) of the draft of the suggestion that Article 86 of the Treaty should not be applicable to agreements or practices which were part of a national market organization; it was further requested that the "Council of Ministers should, on a proposal of the Commission, lay down the provisions required to complete the present regulation, bearing in mind particularly the introduction of the levy system."

The resolution on the levy system

The European Parliament adopted a resolution on the application of the levy system to trade in agricultural products; in this resolution it invited the Commission

“a) to work out a levy system for grain, sugar, dairy produce, meat, eggs, poultry and, where necessary, for the other products on which it shall ask the European Parliament for its opinion;

b) to base the application of the levy system on the following considerations :

That a levy system for the products referred to above will be established to cover trade between the Member States and the non-member countries.

These levies will be based on the difference between the prices of the importing and those of the exporting countries. For processed goods on which a levy is charged, the difference in prices paid for the raw materials will be taken as basis and any appropriate supplementary levies may be applied as an interim measure.

.....

Initially some 80% of the yield from the levy will be allocated to the importing country, the remainder being placed in a joint fund to finance the common agricultural policy on the economic, structural and social planes.

.....

The amount of the levy will be fixed by the EEC Commission in accordance with the rules of procedure in the Treaty.

.....

A levy will also be introduced for trade amongst the Member States : unless otherwise decided, the yield will in principle be allocated to the importing state. It will gradually be reduced to nil as progress is made towards the common price level and distortions of competition among the Member States disappear.

Under the Treaty's rules of procedure the Commission of the EEC will have to fix the amount of the levy in relation to a common agricultural trade policy.

.....

In case Member States disagree on the application of the measures decided on for the interim period or of the future common agricultural policy, the Commission would have to seek means of conciliation.

In any case the Council must, within three months from the date of the Commission's final proposals on this subject, take a decision on the measures proposed above.”

The resolution on minimum prices

The European Parliament, in expectation that it will be formally consulted on the matter, has voted a resolution, quoted below, suggesting amendments to the proposals submitted to the Council by the Commission of the EEC concerning

a decision on objective criteria for the establishment of minimum price systems and for the fixing of such prices.

The European Parliament,

Having noted the "proposed decision submitted to the Council by the EEC Commission concerning a decision on objective criteria for the establishment of minimum price systems and for the fixing of such prices",

Taking the view that the application of the provisions of Article 44 of the Treaty should take place within the framework of the transitional measures of the common agricultural policy,

Until it is consulted on this matter in accordance with its request,

Invites the Commission and the Council to consider the following proposed alterations :

To add these words to the Preamble :

"Considering the opinion of the European Parliament" ;

To amend the articles as follows... (1) :

Article 1

1) Where an exporting Member State is able, thanks in particular to the organization of its market, to guarantee to the importing Member State which is resorting to Article 44 that a minimum export price (free at frontier) will be respected, the importing State *should*, vis-à-vis this exporting Member State, *give preference* to a system of minimum prices below which imports shall be made conditional on their price being above the minimum price fixed for the product concerned.

2) The importing Member State which for a certain product applies at one and the same time both systems of minimum prices in its dealings with different Member States shall decide the terms and conditions under which the two systems are applied and shall fix the minimum prices with due respect for the principle of non-discrimination.

Article 2

The Member State which establishes minimum prices on the basis of Article 44 of the Treaty shall at the same time adjust the system governing imports from non-member countries so that the minimum prices do not constitute an obstacle to the development of a natural preference between the Member States.

A Member State whose own market is upset by heavy imports it has made from non-member countries shall not be allowed to resort to Article 44 of the Treaty.

Article 3

If a Member State, after establishing a minimum price system during one or several specific years, reintroduces the quota system at the beginning of the following calendar year, the figure for the quota shall be calculated for the year concerned according to the rules which should have been obeyed had the minimum price system not been applied.

Article 4

The Member State applying a minimum price system shall fix the minimum price for a period of not more than one year.

The minimum price system shall only be in force for the normal period required for marketing the output of the product concerned.

Article 5

In cases where use is made of a system of minimum prices below which imports are temporarily suspended or reduced :

- 1) The reference price to be compared with the minimum price established in order to fix the dates for opening and closing the frontier shall be determined by a calculation based
 - a) On the weighted average of prices registered on a specific representative market of the importing state;
 - b) Or, where there are several representative markets, on the weighted average of the averages worked out under a).

Where for certain products technical difficulties obstruct the calculation of the weighted averages, the basis of the calculation shall be the arithmetical average or the price most widely found on the specific representative market or markets.

- 2) The reference price shall refer to the very product used as the basis for fixing the minimum price. The commercial and technical characteristics of this product, such as variety or type, grading for quality, gauge, packing and dimensions, shall be clearly defined.
- 3) The results of the calculation provided for in paragraph (1) shall be communicated in due form and as quickly as possible to the Member States concerned and to the Commission. Where the calculation is based on the price most widely found, the lowest and highest levels of the prices recorded on the specific representative market or markets shall also be given.
- 4) The suspension or reduction of imports shall be made conditional on the reference price having throughout three successive markets ⁽¹⁾ remained below the minimum price fixed for the product concerned.

(1) In the sense of three working days on the market concerned.

Imports shall once more be admitted as soon as the reference price has remained equal to or higher than the minimum price fixed for the product concerned throughout three successive markets.

The importing Member State shall give the Commission and the other Member States concerned the earliest possible notification of the date of closing or reopening the frontier.

5) For the effective closing of the frontier, the transit periods to be allowed to exporting States shall be not less than three days.

In exceptional cases the importing State may request the EEC Commission to approve a waiver to this rule.

Article 6

1) The minimum price level to be established for products for which there exists an intervention price guaranteed by the Member States shall not exceed *the price actually charged*.

2) For the other products, the minimum price level shall not exceed 95% of the average price to be worked out according to the method laid down in paragraphs (1) and (2) of Article 5 for the calculation of the reference price, on the basis of quotations on the most representative market or markets during the three years before the year in which the minimum price is to be applied, *save where exceptional circumstances have seriously upset the market conditions for the product*.

3) *The criteria under (1) and (2) shall be revised not more than three years after the application of the system.*

Article 7

Any Member State proposing to resort to the establishment of a minimum price system shall respect a procedure of advance notice comprising two stages: the declaration of intention and the fixing of the minimum price level.

1) The declaration of intention shall be submitted to the Commission and the Member States at least fifteen days before the date fixed for the entry into force of the minimum price system.

The declaration shall contain :

a) A statement of the particular difficulties on the market of the product or products in question which, in the opinion of the State concerned, necessitate the application of the system;

b) A list of the terms and conditions contemplated for applying the system;

- c) The basis on which it is proposed to determine the minimum price level;
- d) An indication of the system applied, for the same product or products, to non-member countries.
- 2) The level of the minimum price decided on shall be communicated to the Commission and the Member States at least three working days before the entry into force of the system.

In exceptional cases the importing state may request the EEC Commission to approve a waiver to this rule.

Article 8

As soon as the advance notice has been received, the Commission shall take all necessary measures to ensure within a reasonable period, taking into account the requirements of the importing state, the arrangement of multilateral discussions during which the states concerned will be able to make any comments arising.

The Commission shall examine the projected measures taking into particular account the following factors: size of quotas, size of tariff reduction, comparison of prices obtaining for goods of identical quality on the various national markets and of prices at the frontier of the importing state, average of quotations in preceding years at the same periods.

Article 9

The Commission shall each year present to the Council a report on the state of internal Community trade in products coming under the minimum price system; the first of these reports shall be submitted at the beginning of 1962. *This report shall be passed to the European Parliament.* To the extent that it is necessary, in order to take into account and accelerate technical progress and in order progressively to approximate prices within the Common Market, *the Commission shall submit proposals for the revision of the present criteria, as well as, should the occasion arise, proposals calling on the member countries to forego the application of Article 44 of the Treaty.*

For this purpose, the Member States shall supply to the Commission the necessary facts and figures on the way trade in products coming under the minimum price system is developing; these must make possible a comparison with actual imports of the products concerned in the three years prior to the entry into force of the Treaty.

Article 10

The present decision is addressed to the Member States and the Commission.

Resolution on a temporary Special Committee to prepare the Parliament's opinion on the draft agreement for the association of Greece with the EEC

Finally, the European Parliament unanimously adopted a resolution on the establishment of a temporary Special Committee to prepare the Parliament's opinion on the draft agreement for the association of Greece with the EEC. (1)

B. THE COUNCIL

The Council of the European Economic Community met for its forty-second session on 30 and 31 January 1961 under the chairmanship of M. Pierre Wigny, Minister of Foreign Affairs of Belgium. The following matters were considered :

Minimum prices : The Council made an initial study of the Commission's proposal concerning the application of the Treaty's provisions on minimum prices and instructed a group of experts to examine the practical results which would follow if the system worked out by the Commission for fixing the level of minimum prices were put into effect and to consider in greater detail a number of other problems; the group will submit a report within four weeks. Note was taken of the resolution on this subject adopted by the European Parliament at its recent session.

The Council also confirmed the mandate of the Special Committee for Agriculture.

Association with Greece : Together with the Commission, the Council studied the full results of the talks which the former had recently had in Athens and Paris with the Greek Government on the association of Greece with the Community, and noted that these negotiations had made considerable progress.

The decisions reached in this examination will allow the Commission to resume contact with the Greek Government in order to conclude the talks.

Granting of tariff quotas : The Council made an initial study of the Commission's proposals for granting certain Member States tariff quotas under Article 25 (1) of the Treaty (2).

At the close of this examination the Council instructed a group of experts to study in greater detail certain aspects of the problems involved, so that the Council may consider these at its next session.

Association of the Netherlands Antilles with the Community : The Council heard a statement from M. Luns, Minister of Foreign Affairs of the Netherlands, empha-

(1) See Bulletin 1/61, Chapter IV, sec. 8.

(2) See Bulletin 1/61, Chapter IV, sec. 7.

sizing the importance attached to this question by his Government and that of the Antilles.

The Council instructed the Committee of Permanent Representatives to press forward its study of this matter so that the Council can reach a decision as soon as possible.

Relations with the countries of Latin America : The Council discussed with the Commission the question of the Community's relationships with the countries of Latin America.

Agreement was reached on the text of the reply to be addressed to Brazil in answer to this country's last memorandum.

The Commission was instructed to forward this reply to the Brazilian Government on behalf of the Member States and the Community.

Associated overseas countries : The Council discussed the Commission's proposals on trade between the associated overseas countries and territories and the Community, including provisions for a special speed-up in respect of certain tropical products, and instructed the Committee of Permanent Representatives to continue its work in this field and to report to the Council as soon as possible.

The Council took note with great interest of the communication, dated 20 January 1961, in which the President of Ivory Coast suggests to the President of the Council that there should be a meeting at ministerial level between the Council of the Community and the representatives of the Governments of the associated States, at which a number of common problems could be examined.

Realizing the importance of this démarche by the President of Ivory Coast, the Council, which at a previous session had decided on a number of measures, now known, that would make it possible to discuss on a footing of equality questions affecting the interests of States associated with the Community and to reach decisions by agreement with these States, instructed the Committee of Permanent Representatives to submit to the next session of the Council on 20 and 21 February a report showing what practical steps might be suggested in the light of this request.

The Councils of the European Economic Community and of Euratom, meeting on 31 January, formally approved the new wording of paragraph 1 of Article 3 of the Rules of Procedure of the Economic and Social Committee (raising the number of the Committee's officers from 15 to 16).

They adopted the draft financial regulations on the methods and procedure whereby the contributions by the Member States (Article 209b of the Treaty) shall be made available to the Commission, and on the conditions under which the European Social Fund shall operate (Article 127 of the Treaty).

Meeting of the six Ministers of Foreign Affairs

M. Wigny, Minister of Foreign Affairs of Belgium, presided over the fifth quarterly political consultation of the six Ministers of Foreign Affairs, which was held at the Belgian Foreign Ministry in Brussels.

C. THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee held its fourteenth session in Brussels on 1 and 2 February under the chairmanship of M. Rosenberg. This session was devoted to the elaboration of two opinions : one on the draft general programme for the elimination of restrictions on the freedom of establishment, and the other on the draft general programme for the elimination of restrictions on the free supply of services.

In conformity with the provisions of Articles 54 and 63 of the Treaty these two general programmes, worked out by the Commission and submitted by it to the Council, had on 5 May and 6 September 1960 respectively been forwarded by the latter to the Economic and Social Committee with a request for an opinion.

The officers of the Economic and Social Committee referred the problem as a whole to the Section for non-wage-earning Activities and Services for their general attention, but certain specific points in the programmes were submitted to the Sections for Economic Questions and Agriculture.

The Economic and Social Committee reviewed the draft opinions on the two programmes worked out by the Section for non-wage-earning Activities and Services; these opinions included certain conclusions drawn from the opinion given by the Sections for Economic Questions and Agriculture on points falling within their competence, and made certain amendments to the two draft opinions.

The Committee approved the opinion on the general programme relating to freedom of establishment by 78 votes to none, with 10 abstentions.

The Committee approved the opinion on the general programme relating to the free supply of services by 77 votes to none, with 5 abstentions.

The two opinions issued by the Committee approve the two programmes worked out by the Commission, subject, however, to some comments, suggestions and amendments. A short analysis of the two opinions appears under the heading "Internal Market" in the chapter of this Bulletin dealing with the activities of the Community.

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