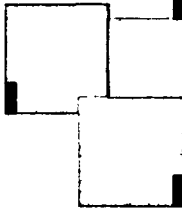


COMMUNAUTÉ
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COMUNITÀ
ECONOMICA EUROPEA

BULLETIN

of the

**EUROPEAN
ECONOMIC
COMMUNITY**

EEC

BRUSSELS - APRIL 1961

N° 4
FOURTH YEAR

4-1961

BULLETIN

of the European Economic Community

SECRETARIAT OF THE COMMISSION OF
THE EUROPEAN ECONOMIC COMMUNITY

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The general lines of the common policy for European transport

by M. Lambert SCHAUS,
Member of the Commission

At the time when the Commission has just laid before the Council its "Memorandum on the general lines on which to base the common transport policy", the significance of this document should be explained.

The Treaty of Rome, in which the procedures and the mechanism for the free movement of goods are so meticulously laid down, is very reticent with regard to transport. It requires the Community to introduce a common transport policy, within the framework of which the objects of the Treaty shall be pursued. But though the Title of the Treaty which deals with transport indicates some specific objectives, lays down certain principles and provides for a Community procedure, it does not directly determine the content of such a policy nor the general lines on which it is to be based.

Under the terms of the Treaty the common policy must take due account of the "special aspects" of transport, and it is the different appreciation of these which underlies the wide divergences in the national transport policies and explains the difficulties which emerged in the course of the negotiations for the Treaty. At that time it was neither possible to agree on including transport in the system of common rules provided for services, nor to agree on precise and specific rules for this particular sector. Under these circumstances the authors of the Treaty preferred to leave this to the Community Institutions, vested to this end with certain powers to define the contents and the general lines of the common policy. The matter was therefore "referred back" to the Commission which, under Article 75, must work out proposals for the implementation of the common transport policy.

During the careful studies which were necessary in order to fulfil this task, the staff of the Commission based themselves on the provisions found in the Title on transport and on the general context of the Treaty. They have, moreover, taken into account the overall evolution which has occurred in the transport field since the Treaty of Rome was signed four years ago. Though it would be presumptuous to maintain that the points of view of the partners in the Common Market have come sufficiently close together, certain common fundamental ideas have nevertheless crystallized, and these may be regarded as the common denominator for the future.

The pace of development in the Common Market has without doubt convinced the European Institutions and transport circles of the need to reach a common solution rapidly. It cannot be denied that this unexpected pace has obliged the Commission to work out rapidly the general lines to be followed and the details required to fill in those Articles which provide no more than a framework, and then — possibly at an earlier date than had been foreseen — to take decisions which the authors of the Treaty had had to leave open.

It is true that the Commission's Memorandum does not contain any "proposals" in the technical sense of the word in the Treaty. It is presented as an overall concept which will give rise to a wide exchange of views with the Community Institutions and will be sure to provoke thorough discussions in all the circles concerned. The real significance of the document is, however, much greater, since the conclusions which the Commission has reached after extensive studies and a wide confrontation of views, which were by no means identical at the outset, may be considered as a kind of dress rehearsal for a thorough discussion in a Community spirit.

Seen in this light, the decisions taken by the Commission have a chance of finding a wide measure of agreement and they assume an importance of their own. This is why it has been possible to describe them as a "programme which is ambitious but not rash".

The decisions which the Commission was called upon to make related to the following fundamental questions:

- i) Should a vast programme for the overall organization of transport be presented, or should efforts be limited to a priority programme?
- ii) Are the general rules of the Treaty applicable to transport or not?
- iii) Should the general trend be towards a competitive system or towards a system of controls?
- iv) Should certain dominating aspects of general policy (such as the requirements of regional or agricultural policy) be allowed to override the autonomy of transport?
- v) With regard to intervention, should the stress be placed on transport rates, fiscal measures or on access to the market? What about the publication of rates and conditions of transport?
- vi) Should measures be proposed and a timetable worked out now, or should a beginning be made with seeking agreement on general principles?

The lines laid down by the Commission cannot be presented here in detail; I shall therefore do no more than sketch the main principles which, according to the Commission, should guide the common transport policy.

The key of the system is the following. Since competition is the main governing principle of the European economy, and since the "special aspects" of transport hinder the normal play of competition, action must be based on removing the special aspects or on neutralizing their effects where they continue to exist. The original and promising feature of the policy proposed by the Commission is that it attacks the cause of the situation. It is curative and not palliative in character.

This overall economic concept is in tune with the conclusion reached in the legal field that the Treaty in all its parts extends to all branches of the economy.

The Commission is therefore of the opinion that the general rules apply — except where the special aspects of transport require otherwise — to rail, road and inland waterways transport, which are the sectors at present covered by the common transport policy.

Should the possibilities of derogation laid down in the general rules prove inadequate in view of the special aspects of transport, the Institutions of the Community will, when preparing the common transport policy, examine whether and to what extent other derogations may be considered under that policy, without however infringing the fundamental principles of the rules.

At the same time, the Commission is of the opinion that the general rules also apply to maritime and air transport. In the implementation of these rules account must be taken of the special situation of these two modes of transport in view of their dependence on the world economy.

The ancillary services of transport and the enterprises operating in the ports are also subject to the rules of the Treaty and, inasmuch as their activity is closely linked with the operation of the three modes of transport covered by the common policy, they may be subjected to the relevant provisions of that policy.

Since transport is expected to facilitate the attainment of the Treaty's general objectives and to make its contribution to the establishment of a Community economy, and a satisfactory organization of transport in line with that of other sectors must be ensured, the following principles have been drawn up:

- i) Equality of treatment between enterprises and means of transport on the one hand and users on the other;
- ii) Financial autonomy of the enterprises;
- iii) Freedom of action for the enterprises in fixing rates and in access to the various transport markets;

iv) Free choice for the users, which implies the freedom of transport on own account under certain conditions;

v) Co-ordination of investments in the light of European economic integration.

These principles are reflected in a set of implementing measures which can be classed in three categories corresponding to the three objectives set by the common policy: help in establishing the general common market; integration in the field of transport; the establishment of a general transport policy.

Several of these measures have already been the subject of Commission proposals or of an implementing procedure. This is true in particular of those which aim at the elimination of discrimination and aids or unjustified support measures. The Commission is also at present preparing proposals for adjustments of charges or dues collected at the crossing of frontiers, for the establishment of a set of common rules for international transport, for the implementation of the right of establishment and, so far as possible, for the free movement of transport services.

With regard to the general organization of the transport system, action will have to be taken to ensure that this system shall be one which can satisfy, at minimum cost to the public and with due regard to the financial stability of the transport enterprises, the requirements that result from the economic expansion of the Member States and the establishment of the common market. The measures envisaged take this into account. The Commission considers that the greatest possible freedom should be given to enterprises in their activities.

They should be able to fix their rates freely within a bracket. Only the limits of the bracket would be made public.

Likewise, the quotas to which certain modes of transport are subject would be progressively eased. Priority should be given to measures of this type in international traffic within the Community; it could be made easier by various measures of harmonization in the fiscal and social fields, and in that of aids.

For investments, co-ordination will have to be worked out with a view to the Community as a whole. At the same time the study on transport costs will have to be pressed forward, in particular with regard to the ascertainment and charging of infrastructure costs.

This brief glance shows the complexity of the problems which arise if a coherent and effective common policy is to be established.

In the implementation of this common policy the requirements which may flow from the general economic policy or from the regional, commercial or agricultural policies in particular, will be taken into account.

Special provisions will be drawn up for transport rates applicable to certain basic agricultural goods, in order to assist in the implementation of the common agricultural policy for which the Commission has already made proposals. The social aims pursued by the Community must also be taken into consideration in the transport sector.

Such a programme of action can obviously only be realized gradually and pragmatically.

That is why the Commission has not proposed a detailed timetable. It has limited itself to the principle of the general synchronization of transport integration with the pace of the Treaty, and to laying down certain deadlines, such as the end of the second stage. In fact, it is from that date onwards that the decisions to be taken on transport policy must be decided by a qualified majority. It is therefore essential that by then the foundations of the common transport policy be established firmly enough to enable a qualified majority to function normally without giving rise to major political difficulties within the Community.

A procedure of regular consultation is envisaged and is intended to lead to proposals for the further steps to be taken in the light of results obtained and of such changes as may have occurred in the situation. The same desire for elasticity has led to the introduction of an obligatory revision of the plan of action every two years.

One of the first things to be done as soon as agreement has been reached on the general lines should be to ensure reciprocal information and consultation procedure for action planned on the national policy level, in order to avoid the emergence of new differences which could slow down the implementation of the common policy. This is a standstill which should not be confused with a stoppage of all new initiative.

Though the programme set forth by the Commission is no more than a milestone on the long road to a common transport policy, it nevertheless represents a decisive move forward. It is up to all the Community Institutions to act in such a way that this move will be followed by further progress. The Commission hopes that the programme set forth in the Memorandum will be the subject of the broadest possible discussion with the Governments and the Community Institutions as well as with all circles concerned.

The results of such a confrontation will be of great value to the Commission when it comes to formulate concrete proposals for the implementation of the common transport policy.

I. Business and professional groups at Community level: relations with the Community

One of the most striking signs that the various branches of the economy have become "Europe-minded" and that the markets of the six countries are becoming increasingly interlocked has been the proliferation of professional, industrial, agricultural, commercial and crafts associations in the countries since the Treaty of Rome was signed. These groupings, which vary greatly as to their form, which ranges from sporadic round-table meetings to legally constituted associations with published statutes and a permanent secretariat, have set themselves the task of studying their common problems, exchanging information and experience, and making their views available to the staff of the Commission when decisions are to be taken which concern their sectors. They are already playing a very positive role in the life of the European Community and the staff of the Commission looks upon its contact with these organizations as a valuable support in its work.

These contacts began in the agricultural sector: at the time of the Agricultural Conference of the Member States in July 1958, the Commission declared that it would develop and maintain close and continuous co-operation with business and professional organizations, for it considered that such co-operation would be very helpful in the preparation and later in the implementation of the common agricultural policy.

After this beginning in the agricultural field, relations have been established between the Commission and all kinds of organizations in the different sectors of industry, commerce and handicrafts. The aim of these contacts, in their many forms, is twofold: to keep business and professional circles informed and to keep in touch with their opinions.

On account of their special nature, the question of agricultural organizations will be considered separately in the second part of this study.

Industrial, commercial and craft organizations

In the field of industry, commerce and the handicrafts, 82 groupings set up at EEC level between industrial, commercial and handicraft organizations of the six countries have been listed to date.

Industry is represented by 54 organizations (excluding industries dealing with food and drinks). Commerce has 22 (excluding trade in agricultural produce); two organizations exist in the handicrafts sector; two cover activities which are both industrial and related to crafts, and two others cover activities which are both commercial and related to crafts.

The Standing Conference of the Chambers of Commerce of the EEC countries and the working party on "European integration" of the Union of International Fairs must also be mentioned.

These three sectors, industry, commerce and handicrafts, have each their central organization authorized to watch over the general interests of the sector. For industry, UNICE (Union of Industries of the European Community) groups the central employers' organs of the six countries. The statutes of UNICE provide that this organization "shall stimulate the elaboration of policy for industry in a European spirit" and "shall be the authorized spokesman of the industries of the six countries vis-à-vis the Institutions of the European Economic Community for any problems which are of general interest or touching on questions of principle and are connected with the common policy of the central industrial federations". Besides UNICE more and more specialized organizations have been set up at the Common Market level and are dealing with the problems peculiar to the different sectors and sub-sectors of industry.

The Committee of the Handicrafts Associations in the six EEC countries represents the interests of the smaller craftsmen vis-à-vis the authorities and staff of the EEC. It makes recommendations and formulates joint opinions on the measures taken under the Treaty and on all the current political and economic questions relating to handicrafts. Organizations representing the individual trades have also been set up at EEC level.

The COCCEE (Committee of Commercial Organizations in the Countries of the EEC) is the central organization of the commercial activities in the EEC. Its members include national organizations covering more than one occupation and specialized organizations set up in the EEC framework. According to its statutes, the COCCEE "shall put its members' point of view to the administrative bodies of the Community, of the Parliament and of the Economic and Social Committee. It is qualified to give its opinion both on economic problems and on social problems in the framework of the EEC."

Again, the "Community of national organizations of consumer co-operatives in the Common Market" has as its main task "the examination of all the effects of the Treaty, both on the consumers and on their organizations; decisions on what work is to be undertaken and how it shall be co-ordinated to encourage the development of co-operative organizations within the Common Market".

In the industrial sector, a first exploratory meeting between the officials of the Commission's staff and those of the European federations representing the various industrial branches and those of the UNICE took place on 20 December 1960. This meeting was devoted to the study of problems related to the achievements and the prospects of the Common Market, to the development of internal Community trade, to the external relations of the Community and to tax questions, as well as to the problems raised by competition. A second meeting between the

officials of the EEC staff, the European federations representing the various industrial branches and UNICE is to take place on 18 April 1961. It will deal with questions relating to Article 226, questions of long- and short-term statistics by sector, and the problems relative to the sector-by-sector studies undertaken by the Commission's staff and, finally, subjects of social interest: free movement of workers and occupational training.

Exploratory meetings have taken place with the trade organizations of the textile industry. Among the problems raised the accent has been placed by the trade organizations on the disturbances in the market deriving from the abnormal conditions of competition in certain non-member countries. With a view to providing the Commission with information these associations have, in close co-operation with the EEC, assembled detailed documentary material on these problems.

As far as the crafts and small industry are concerned, the European Commission has held frequent discussions with the Committee for the Crafts and Small Industry in the EEC countries. These discussions bear on all the questions concerning the work of craftsmen and, in particular, policy, statistics and the right of establishment in this field.

For commerce, a working party from several Directorates-General has drawn up a plan of work for 1961. Under this plan there will be meetings for mutual information with the traders', workers' and consumers' organizations functioning at the EEC level. The first meeting is planned for 20 April 1961. The Commission will review the studies which directly concern commercial occupations as well as the procedure followed in the preparation of these studies. The organizations, for their part, will put before the Commission the problems raised for them by the Common Market as well as the Market's economic effects on their particular occupation.

A list of joint bodies established in the EEC by the industrial, commercial and crafts associations has just been published in the four languages of the Community. This 529-page document contains basic information on the industrial organizations known to the administration.

Organizations of the liberal professions

Regarding the liberal professions (taking the term in its widest sense) the Commission is in touch with several organizations established at Common Market level, especially by the medical, paramedical and pharmaceutical professions (physicians, pharmacists, dentists, veterinary surgeons), the legal profession (solicitors, tax consultants and so on), the technical professions (engineers, consultant engineers, chemical engineers, architects, chartered accountants, surveyors and estate agents).

The Commission is also in touch with associations of professional organizations.

The work of all these organizations concerns the general problems facing the professions they represent. The Commission is most interested in the studies comparing the conditions of access to and the exercise of professions within the EEC.

Agricultural organizations

From 1958 onward there has been a Division responsible for relations with the agricultural organizations. This term covers the organizations grouping farmers, the agricultural and foodstuffs industries, trade in agricultural produce and foodstuffs, agricultural co-operatives, the workers in the food and agriculture sector, as well as the consumers' associations.

The national agricultural organizations very soon felt the need to find a rational system which would allow them to exert their influence as an occupational sector in the Common Market in their contacts and discussions with the European Commission.

By May 1959, 40 agricultural organizations functioning at Community level had been formed and had established relations with the Commission. Their number has since reached 82 (December 1960), distributed as follows : 9 farmers' organizations, 6 organizations of agricultural co-operatives, 36 organizations in the agricultural and foodstuffs industries, 27 organizations in the field of trade in agricultural produce and foodstuffs, three organizations of workers in the agricultural and foodstuffs sector and one consumers' organization (consumer co-operatives).

In other words, practically the whole of the agricultural sector is organized at Community level. These are organizations which, grouped at the level of the Six, now constitute the bodies with which the Commission can hold discussions in the industrial and occupational field.

For each of the four first categories there exists an "umbrella" organization at the level of the Six, viz. :

- a) The General Committee on Agricultural Co-operation in the EEC Countries (COGECA);
- b) The Committee on agricultural and foodstuffs problems in the Committee of Commercial Organizations in the Countries of the European Economic Community (COCCEE);
- c) The Committee on agricultural and foodstuffs industries in the Union of Industries of the European Community (UNICE);
- d) The Committee of Agricultural Organizations of the European Economic Community (COPA).

The workers in the agricultural and foodstuffs industries are grouped in the working party of the European Regional Organization of the International Federation of Plantation, Agricultural and Allied Workers linked with the International Confederation of Free Trade Unions (ICFTU), in the "agriculture and food" panel of the European Organization of the International Federation of Christian Trade Unions (IFCTU) and in the group of the trade unions of the six EEC countries, which is affiliated to the International Union of Food & Drink Workers' Associations.

The Commission's relations with the agricultural organizations include regular consultation with the "umbrella" agricultural organizations concerning the basic elements of the common agricultural policy as this policy develops, and consultation with the relevant trade organizations concerning any proposals affecting individual products. These organizations are also consulted on the harmonization of agricultural and foodstuffs legislation. At the same time these relations enable the Commission to keep agricultural circles informed of current work being done in the field of agricultural policy.

In addition to maintaining these contacts, the Commission's staff consult agricultural experts nominated by the leading organizations.

The European Commission's proposals concerning the formulation and execution of the common agricultural policy provide for the establishment of consultative committees from the circles concerned to deal with each product or group of products. In this way the relations established between the Commission and the agricultural organizations will be given an official status.

The Commission will thus be able to consult the industrial and occupational circles concerned with the problems relating to the common organization of the markets. An industrial and occupational committee has also been planned to advise on the improvement of agricultural structures.

In establishing these links with the various organizations the Commission has consistently given evidence of its anxiety to see the common agricultural policy understood and accepted by the circles concerned through the groups representing them at Community level.

The number and activities of these European groupings (covering industry, agriculture, commerce and the crafts) show clearly that the economic circles are now fully aware of the new reality constituted by the Common Market. The European trade organizations are themselves a valuable instrument in the merging of the markets and in co-operation across the national frontiers. By and large they show a spirit of co-operation and great frankness with regard to the Commission's staff. Special efforts have been made by a certain number of them to compare differing national systems of regulations and to seek out the ways and means of bringing them closer together. Special efforts have also been made by some of them to harmonize industrial and occupational statistics.

II. Association of Greece with the Community

On 8 June 1959 the Greek Government, in a letter addressed to the President of the EEC Commission, requested the association of Greece with the Community. The Council took note of this request on 25 July and instructed the Commission to open exploratory talks with the Greek Government at once.

The two delegations met for the first time from 10 to 12 September 1959 and on 23 November of the same year the Council, taking the view that the exploratory talks were completed, decided that the Commission could broach the negotiations proper.

The Commission has since carried on the negotiations and reported back to the Council month by month on the results obtained. The Council has confirmed it in its mission and supplied it with directives. The negotiators reached concrete proposals in December 1960 in the form of "an outline agreement". After a break, the negotiations were reopened at ministerial level in January 1961; on 27 February 1961 they were closed with the drafting of the text of the Agreement and its establishment in legal form.

The state of the negotiations between the Greek delegation and the European Commission's delegation has been reported each month in the Bulletin of the EEC.

The time which elapsed between the first demarché of the Greek Government and the signing of the draft Agreement may well have seemed long : its length is explained by the fact that this was the first case of the application of Article 238 of the Treaty. The wording of this Article is such that it allows of a wide range of solutions among which a choice had to be made. This choice was not easy, for a certain number of factors, not all of them leading towards the same solution, had to be taken into account.

The first element to be considered arose from the structure of Greece itself, a country of nine million inhabitants whose average income per head is only \$320 a year. The economy is mainly agricultural; great efforts have been made to modernize it and at the same time to develop industry, but Greece still belongs to the category of countries in course of development. There could, therefore, be no real balance, even from the legal point of view, between the commitments the Community would undertake vis-à-vis Greece and those that Greece would incur towards the Community. The obligations of Greece had to be adapted to its resources if the country were not to shoulder too heavy a burden, with a result contrary to what was intended.

But the difference in economic structures between Greece and the Member States was so great that it raised the question whether real integration was possible between the Common Market at its present stage and a country in course of development. Could not the arrangement be confined to a simple agreement to co-operate, possibly coupled with financial aid? Nevertheless, the first solution was adhered to : it was in line both with the aspirations of Greece and the wishes of the Member

States — and indeed all concerned came to realize that only actual integration would make it possible, through the advantages it would bring as well as by the disciplines it would impose, to lead the Greek economy out of the state of underdevelopment in which it now finds itself in comparison with the Six. Integration means a clear decision on the course to be followed, coupled with mutual agreement to follow given paths, and these make of it a formula which is constructive in a way entirely different from that of a simple co-operation agreement. This integration had, of course, to be brought about progressively, so that the Greek economy could adapt itself to entirely new conditions.

In the light of these factors, the nature of the association had to be adapted in its essence to the aim of raising the level of the Greek economy. It was, however, necessary to bear in mind other elements which impose certain limits on the formula chosen for the association. The association had not only to be compatible with the Treaty of Rome, it had to avoid hindering or encumbering the development of the Community; it had to establish within a given period co-operation similar to that to which the Six were committed among themselves; it had to take that co-operation as its model, benefit from it, but not obstruct it. This was an absolute necessity for the Six, and for Greece it was a factor of outstanding importance, since its association would have been no more than a mirage if it had caused a stoppage or a slowing down of certain of the EEC arrangements from which Greece hoped, in the long run, to benefit. These had to be safeguarded wherever they merited respect. Some might consider their interests threatened, not only in their future development but even in the maintenance of such and such an economic activity, by the fact that the Greek economy, being basically mediterranean and agricultural in nature, might in certain cases compete unduly with certain products of the Member States on Community markets. This was a new factor which had not been foreseen by the signatories of the Treaty of Rome. The latter had to accept such competition as a natural consequence of association; it was essential, however, that competition should not have, indirectly, harmful effects on the readiness with which the member countries carried out their commitments and on the good functioning of the Treaty of Rome.

It was also necessary to respect the general rules of GATT. If integration entailed preferences conflicting with the safeguards offered by the most-favoured-nation clause such preferences had to be covered by the exceptions recognized in the Convention: a free trade area or a customs union.

At the request of the Greek Government itself, and with the approval of the Member States, it was the latter device that was selected by the Community. Having due regard to the various factors set out above, the negotiators felt that the customs union was the best means of reaching the objectives before them. But to organize this customs union whilst taking account of the very special situation of Greece was a delicate operation. In certain cases the commitments on the Greek side needed to be made more flexible than those the Member States had undertaken among

themselves; in other cases, on the contrary, it was absolutely essential to go beyond what the Six had laid down for their reciprocal relationships. Therefore, a set of new provisions had to be worked out: a longer transition period for certain products, specific measures consisting of speedier tariff reductions and more rapid alignment on the customs tariff, the limitation on both sides of quota autonomy, etc. It was inevitable that it should take a fairly long time to finalize these arrangements, although both delegations always endeavoured to give due weight to the wishes of the other without neglecting their own interests.

As a result of these negotiations between Greece and the Community, the association has assumed the form of a customs union covering all forms of trade between the two parties. Products coming under the authority of the ECSC are, however, excluded, and for these a special agreement will be negotiated between the ECSC and Greece.

The machinery and the characteristic features of this customs union are outlined below.

Tariff disarmament

Tariff disarmament will, in principle, be carried out by both sides over a period of twelve years, but:

- i) The EEC will apply to products from Greece the same duties as those at present applied by the Member States among themselves. Exceptionally, in view of the present state of the Greek economy and to facilitate its development, the Community will allow Greek products to benefit from the reductions already made under the Treaty of Rome. The speed-up measures may later be extended to Greece, but they will be accompanied by a corresponding effort on the part of Greece itself;
- ii) Greece will apply reductions to products from the Community in accordance with the timetable of the Treaty of Rome. However, the Agreement provides that in respect of a certain number of products, representing about one third of its imports from the EEC, the abolition of duties shall extend over a period of 22 years, phased as follows: four successive reductions of 5% each will be made during a period of seven and a half years from the entry into force of the Agreement. For these products the remaining duties will be abolished as from the tenth year in accordance with the timetable applicable to products subject to the normal twelve-year arrangement. Moreover, in order to protect its young industries, Greece will be allowed during the first twelve years to introduce new duties or raise existing ones on condition that such new or reintroduced duties are abolished or brought down to their previous level within nine years, after which they must come under the normal tariff disarmament arrangements.

Adoption by Greece of the common customs tariff

Greece is to adopt the common customs tariff of the EEC. For each product the alignment with the common customs tariff of the duties Greece applies vis-à-vis non-member countries will be made *pari passu* with the reductions it will carry out in its trade with the Community. Nevertheless, Greece has been allowed some degree of latitude in a limited number of cases.

Delicate problems arose in connection with possible modifications to the customs tariff by the Community and the opening of tariff quotas for the benefit of non-member countries by one of the parties to the Agreement.

For tobacco, raisins, olives, rosin and oil of turpentine, practical solutions were found to reconcile the Community's autonomy with the need to ensure that the special advantages granted to Greece for these products would not, to all intents and purposes, be dissipated.

In certain cases, and up to a limit of 10% of the imports made from non-member countries during the last year for which figures are available, Greece may also grant tariff quotas at reduced rates or duty free in order to facilitate the import of certain articles from countries with which it has bilateral trade agreements. This limit of 10% may not be exceeded, except by previous agreement of the Council of Association. The other exception from which Greece benefits in this field consists in the right of granting tariff quotas for the import of goods from the USA, if the import of such goods at the common tariff rates would create difficulties in using special credits of American origin.

Elimination of quantitative restrictions

Quantitative restrictions will first be subject to a standstill and then quotas will be increased in such a way that at the end of the transition period all such restrictions will have disappeared on the Greek side.

The Community for its part will extend to Greece the arrangements obtaining among the Six with, however, certain slight differences for agricultural products (see below).

The Member States of the Community will bind vis-à-vis Greece the lists of products which they have bound among themselves.

Greece, in turn, will bind vis-à-vis the Community a certain percentage of its trade with the Six; this will be 60% on the entry into force of the Agreement and will rise to 75% during the five years following.

Should Greece reintroduce quantitative restrictions for products which have been liberalized but not bound, it shall open global quotas for Member States equal to 75% of the imports from the Community in the year preceding such reintroduction.

Agriculture

Special arrangements have been made for agricultural produce, since this constitutes the lion's share of Greek exports to the Six. These special arrangements are justified by the need to ensure the attainment of the common agricultural policy amongst the Six.

A feature of these arrangements is first of all the principle of the harmonization of Greek agricultural policy with that of the Community; this is the necessary condition if the restrictions on trade in agricultural produce are to be eliminated in the framework of the association. A special procedure will be established between Greece and the Community which will take into account the legitimate interests of the former (for such items as tobacco); in the period before harmonization is attained, however, the benefits that the Six have granted each other will be extended to Greece for the Greek agricultural exports listed in Annex III to the Association Agreement.

It has been found necessary to place restrictions on a small number of products if disturbances on the Community markets are to be avoided; these concern citrus fruits, dessert grapes, peaches, wine, etc.

For a second group of agricultural products (those excluded from Annex III) there will be a standstill until Greece has harmonized its agricultural policy with the common agricultural policy, which by that time will have been defined.

Nevertheless, in view of the fact that for the first category of products tariff disarmament would benefit Greek exports almost exclusively, unilateral disarmament measures have been laid down for products of the second category exported by the Six to Greece and included in the list annexed to the protocol on the export of certain agricultural goods from EEC Member States to Greece.

In order that the exports of Greek agricultural products to the Six may expand (and thus offset the probable increase of Greek imports from the Community) specific advantages, consisting particularly in a speedier reduction of customs duties, have been laid down for tobacco and raisins. Italy and France have undertaken to purchase tobacco; in these countries, where trade in tobacco is in the hands of a State monopoly, tariff reductions on this product are felt less than they are in other countries.

Though wine is excluded from the list in Annex III, it will nevertheless benefit from a system of tariff quotas.

The draft Association Agreement is not limited to the establishment of a customs union. Modelled on the Treaty of Rome and taking into account the needs as well as the potential of Greece, the Agreement includes various other provisions; they concern:

a) *The movement of persons, services and capital*: in view of unemployment and underemployment in Greece, the free movement of workers between the Community and Greece has been provided for. It is to be introduced at the earliest on expiry of the twelve-year transition period. The Community has thus made an effort in the social field in response to the wishes frequently expressed by the Greek Government. In the same context special attention has been given to the working out and the extension of technical assistance programmes in the labour field and to vocational training and the exchange of young workers.

b) On the other hand, so far as the *right of establishment* is concerned, it was found necessary to include in the Agreement provisions which would facilitate the establishment in Greece of nationals from the Community countries; this is a necessary condition if the influx of private capital is to be stimulated and guarantees are to be available that it can be invested without discrimination based on nationality.

Parallel with the right of establishment, an increase in the supply of services between the two sides has been provided for; it would be difficult to contemplate complete freedom at this stage because of underemployment in the Greek handicrafts and small industries.

c) For *transport*, the provisions of the Treaty of Rome are to be extended to Greece.

d) With regard to the *rules of competition*, Greece has accepted the rules which obtain in relations among the Six. One fairly important feature in this field calls for emphasis: it concerns the provisions of Article 52 of the Agreement, which deals with state aids. The two parties have agreed that for the first ten years of the implementation of the Agreement Greece shall be regarded as being in the situation provided for in Article 92 (3a) of the Treaty of Rome, on account of the wide divergences between the structures of the respective economies and because of the economic and social problems peculiar to Greece. In view of this, aid intended to stimulate economic development will be considered from now on as compatible with the aims of the association to the extent that it does not alter the conditions of trade to a degree which would be detrimental to the common interests of the two parties.

For such other provisions as the rules applicable to enterprises, dumping practices, fiscal arrangements or the approximation of legislation, the Contracting Parties have agreed that the principles laid down in the corresponding Articles of the Treaty of Rome shall be made applicable in the Association Agreement. The Council of Association will have within a reasonable period (two years) to settle the terms and conditions of implementation.

Safeguard measures can be taken in the case of faulty harmonization.

e) In the field of *economic policy*, a certain parallelism with the provisions in this field of the Treaty of Rome has been maintained, having due regard to the economic situation and the administrative practices prevailing in Greece.

In most of the provisions express reference has been made to the rules and principles laid down in the Treaty of Rome, whilst it has been left to the Council of Association to draw up the conditions and methods of application.

The draft Association Agreement gives Greece very appreciable advantages but it also imposes upon it obligations which call for a special effort from the Greek economy. In order to help Greece to make this effort it has seemed advisable on account of its economic situation to grant financial aid to this country associated with the EEC. A special protocol therefore lays down that Greece may obtain from the Community loans up to an overall total of \$125 million. This amount may be used during the five years following the entry into effect of the Agreement. The examination of applications and the granting of loans will be carried out in accordance with the rules laid down in the Statute of the European Investment Bank.

The provisions concerning commercial policy have an important place in the Agreement. The aim of these provisions is to reach, at the end of the transition period laid down in the Treaty of Rome, a commercial policy based on uniform principles. Safeguard measures can be taken in the case of faulty harmonization.

These provisions cover two other important problems:

- i) The effect which the accession to or the association with the Community of any other country could have on the association with Greece. The Community is aware of the special problem which could arise for the Greek economy in this particular case and has promised to take Greek interests fully into account whenever any such agreement is negotiated or concluded;
- ii) The adjustment of Greece's trade with any new Member or associated State.

Moreover, the two parties have agreed to resort, where necessary, to a safeguard clause modelled on that of Article 226 of the Treaty of Rome. By putting Greece on the same footing as the Member States, it has been possible to solve the delicate problems arising in this field. At the end of the transition period provided for in the Treaty of Rome the Council of Association will consider whether this clause should be maintained.

As envisaged in the preamble to the Agreement, a special Article deals with the prospect of the eventual accession of Greece to the EEC, should the Association Agreement work well enough to enable that country to contemplate full acceptance of the obligations deriving from the Treaty of Rome.

Lastly, to ensure the general good functioning of this Association Agreement, a Council of Association comprising members of the Greek Government and members of the EEC Council of Ministers has been provided for. Each side will have one vote. The Council of Association has power of decision and will also be able to make recommendations. It can set up the necessary committees.

If a dispute arises from one side or the other failing to fulfil an obligation laid down in the Agreement, the matter will be referred to the Council of Association. The Council may also submit the disputes to an existing body such as the Court of Justice of the European Communities. Otherwise, an arbitration procedure will be established, comprising the appointment of one arbitrator for each side, the two arbitrators to name a third. During the first years following the coming into force of the Agreement, the third arbitrator will be the President of the Court of Justice of the European Communities.

III. The two matters brought before the Court of Justice by the Commission

In March the Commission referred to the Court of Justice two complaints that the Italian Republic had infringed the Treaty.

This is the first time the Commission has taken cases of infringement before the Court, and it is also the first time that a Member State has been arraigned by a Community Institution in accordance with the procedure laid down in Article 169 of the Treaty.

Although these first cases occurred in the third year after the entry into force of the Treaty, which shows how meticulously the Member States are carrying out its provisions, it is normal that conflicts should arise on the interpretation of the obligations of the Member States and it is for the settlement of such conflicts that the provisions of Article 169 were made.

These cases, in which the Commission has asked the Court to rule on what the Commission considers an infringement of the Treaty by the Italian Government, constitute a normal procedure. Whatever the Court's decision, they can therefore in no way harm the relations between the Member State concerned and the Institutions of the Community.

The first case brought before the Court concerns a suspension by the Italian Government of imports of certain pigmeat products, decided on in June 1960.

These products could be freely imported and their liberalization had been bound by Italy. Under the terms of Article 31 of the Treaty Italy was therefore not free to suspend these imports.

The Commission has informed the Italian Government that the measures taken by the latter were not compatible with Article 31 of the Treaty. Having given the Italian Government the opportunity to make its comments, the Commission issued a reasoned opinion dated 21 December 1960 pointing out the infringement in question. Since the Italian Government has taken no action on the reasoned opinion, the Commission has referred the matter to the Court of Justice in order to obtain its ruling on the extent of the Member States' obligations under Article 31 of the Treaty.

At the beginning of this year, after the issue of the reasoned opinion, the Italian Government had requested the Commission to approve the suspension of the imports concerned under Article 226 of the Treaty which under certain conditions permits the application of safeguard measures in derogation from the Treaty where serious and persistent difficulties exist in a sector of economic activity. The Commission is at present studying this request.

The Commission is of the opinion that, even if it were accepted that the conditions for the application of Article 226 existed when the measures concerned were taken, the Italian Government could not apply such measures unilaterally but should have asked the Commission, in the words of Article 226, "for authorization to take measures of safeguard", and that it would have been for the Commission to decide on these measures and to lay down how they should be operated.

The second case concerns the Italian customs tariff for radio tubes and valves.

Following upon the tariff conference at Annecy in 1949 Italy applied a 35% duty to the products concerned. At the Geneva conference early in 1956 this duty was unbound and replaced by a mixed duty of 30% coupled with a minimum specific charge of 150 Lire per article. This duty came into effect by a decree published in July 1956 whilst the old 35% duty was provisionally kept in force by an administrative order. Consequently, since July 1956 the Italian customs tariff has contained two different customs duties for these products. In accordance with the rules in force that duty was applied which, in view of the unit value of the products, was the most favourable to the importer.

The abolition of the 35% duty on 1 April 1958, which means that only the mixed duty of 30% coupled with a minimum charge of 150 Lire per article is maintained, results in an increase of the duty applicable on the date of the entry into force of the Treaty (1 January 1958) to the goods concerned if these had previously been subject to a 30% duty of a customs value of 428 Lire or less. This was incompatible with Article 12 of the Treaty. Moreover, the customs reductions introduced on 1 January 1959 were made on the mixed duty only, and this is contrary to Article 14 of the Treaty, which requires Member States to reduce by successive stages the duties applied on 1 January 1957.

Having given the Italian Government the opportunity to make its comments, the Commission issued a reasoned opinion, dated 8 December 1960, pointing out the infringement in question.

Since the reply of the Italian Government has not satisfied the Commission, the latter has referred the matter to the Court of Justice in order to obtain its ruling on the extent of the Member States' obligations under Articles 12 and 14 of the Treaty.

IV. Activities of the Community

EXTERNAL RELATIONS

The association of Greece with the Community

1. On 30 March 1961 the following communiqué was released. It marked the successful outcome of the final talks with the Greek delegation:

“The negotiations which have been going on for a little over a year between the Commission of the European Economic Community and the Greek Government on the association of Greece with the Common Market have just been concluded.

“On Thursday, 30 March 1961, the draft agreement was signed by M. Jean Rey, a Member of the Commission and Chairman of the External Relations Group, M. Günter Seeliger and M. Jean-François Deniau, Chairman and Vice-Chairman respectively of the Delegation of the Commission, for the Community, and M. John Pasmazoglou, Minister Plenipotentiary and Chairman of the Greek Delegation, M. Alexander Sgourdeos, Minister Plenipotentiary and Director of Economic Affairs in the Foreign Ministry, M. Theodore Christides, Minister Plenipotentiary, Head of the Greek Mission to the European Economic Community, and M. John Comitsas, Director-General in the Ministry of Commerce, for the Greek Government, and by the collaborators of both parties to the Agreement.

“The Agreement provides for the association of Greece with the Community in conformity with Article 238 of the Treaty of Rome. This association will take the form of a customs union between Greece and the EEC, and there will be a period of transition. The Agreement also comprises a number of annexed protocols to take account of the special aspects of the Greek economy. Finally it provides for financial assistance to help Greece in speeding up its economic development and in raising as rapidly as possible the standard of living of the Greek people.

“The association is intended to enable Greece to become, at a later date, when its economic progress allows, a full member of the Community, accepting all the obligations of the Treaty of Rome.

“The procedure for bringing the Agreement into force is not yet completed. In Greece, approval by the Royal Greek Government and parliamentary ratification will be required. On the Community side, the Agreement must be submitted to the European Parliament for its opinion, to the Council of Ministers for its final decision, and then to the six Parliaments of the Member States for ratification. This is necessary because, apart from obligations assumed by the Community, the Agreement contains undertakings concerning the Member States individually.

“The two delegations felt the liveliest satisfaction at the happy outcome of their work. They expressed the hope that it will be possible to complete the rest of the

procedure within the next few months and that the Association Agreement may enter into force at an early date."

The Association of the Netherlands Antilles

2. On 17 March the special group instructed to examine the problems raised by the association of the Netherlands Antilles met and continued its study of problems still unsolved. It was not able to reach any final conclusions, and decided to meet again on 14 April.

The Community and GATT

The Tariff Conference

3. The re-negotiations under Article XXIV (6) of the General Agreement, which are being handled in Geneva on behalf of the Community by the Commission, were continued in March. It will be remembered that the purpose of the re-negotiations is to transpose into the common tariff the concessions previously granted by the different Member States in their respective customs tariffs. The re-negotiations with various Contracting Parties are almost complete.

Working in close liaison with the Government experts, the Commission is also preparing the second phase of the Tariff Conference. The latter will begin after the conclusion of the re-negotiations and will give the Contracting Parties an opportunity to open multilateral negotiations for the granting of new tariff concessions. The preparatory work consists mainly in the drawing up of lists of applications for tariff concessions addressed to non-member countries which have expressed the desire to take part in the multilateral negotiations, and in the examination of applications for concessions in the common customs tariff which have been submitted by these same non-member countries.

The other work of GATT

4. The Commission took part in the sessions of the Council of the Contracting Parties held in Geneva from 22 February to 2 March and on 24 March. The Council, whose main purpose is to deal with urgent business and to prepare the work of the plenary sessions of GATT, examined in particular the advisability of a meeting of the Contracting Parties at ministerial level. At the end of a debate on this question the Council recommended the Contracting Parties to organize such a ministerial meeting in autumn 1961 at about the time of the Nineteenth Session. By the autumn the Ministers would be in a position to know what progress was being made in the multilateral negotiations to be opened shortly, and could decide whether it appeared advisable to make arrangements for a fresh effort to reduce tariffs. The Council

has also agreed to recommend that the next plenary session, the first in 1961, should be held from 15 to 19 May, preceded by a Council meeting from 8 to 12 May.

In March Committee II, which deals with agricultural problems, met in Geneva and undertook the drafting of a report for the Contracting Parties on the study it has carried out of measures taken by different countries to protect agriculture, and on the overall examination it has made of the repercussions of these measures on international trade in agricultural and fishery products.

Committee III, dealing in particular with the trade problems of developing countries, met in March to examine the progress made by the Contracting Parties in the execution of the recommendations for reducing such barriers to trade as may hamper the growth of export revenue in the less developed countries. The Committee noted with satisfaction the measures brought to its attention, but declared itself disappointed that the progress made was so limited. The Committee finalized its programme of work for its next session in June, during which it will examine in particular the export programmes that certain less developed countries have established in the framework of their overall plans for economic development.

Relations with international organizations

Economic Commission for Asia and the Far East

5. The Commission was represented at the Seventeenth Session of the Economic Commission for Asia and the Far East (ECAFE), which was held at New Delhi from 8 to 20 March 1961.

During this Session reference to the EEC was made mainly during the discussion on the Trade Committee's report. By and large, the observations concerning the EEC were very moderate. It is noticeable that with the passing of the years the feelings aroused by the establishment of the Community are losing their edge; this evolution in attitudes has doubtless been facilitated by the favourable progress of trade between the Six and the ECAFE region.

Inter-European trade problems

6. The study group of the Committee on Trade Problems held its fifth meeting in Paris on 16 and 17 March. It completed its examination of the lists, submitted by the EEC and by the member countries of EFTA, of products which are important to inter-European trade. As for the use to be made of the lists resulting from this examination, the group has agreed to submit them to the Committee on Trade Problems with the suggestion that they should be transmitted by the member Governments of the Committee to their respective delegations at the GATT Tariff

Conference; these delegations would be instructed to make the best use possible of this material, having due regard in particular to the advisability of reducing the distortion in trade which might result from differences in tariffs, and also to the advisability of maintaining and developing the traditional pattern of inter-European trade.

Though the work carried out by the study group is of unquestionable technical value and can from this point of view represent a useful contribution for the negotiators at the Tariff Conference, it is none the less true that the recommendation the group was finally able to adopt is of very limited scope; it is well to remember in this connection that the Commission's representative, as spokesman of the Community, had intervened again and again to press for a much more constructive solution based on an across-the-board and reciprocal reduction of tariffs; unfortunately the Community's proposals were not warmly received, doubtless because an agreement on this point remained difficult as long as the negotiations on the common customs tariff under Article XXIV (6) of GATT were still in train; the group has not, however, abandoned the possibility of an across-the-board agreement, and has even recommended that the Governments study the principle.

The Commission's representative also intimated that in addition to an across-the-board reduction of 20%, he was ready to consider the possibility of larger reductions in cases where the study group recognized the existence of special trade difficulties, and where the steps proposed by both sides could in fact be brought into line. It is interesting to note that even on this point the Community's proposal aroused no interest, and it is difficult to avoid the inference that in fact no serious difficulty has yet arisen in inter-European trade: the recent general statistics of European trade had already been pointing to this conclusion.

The evidence of a change of heart in the United Kingdom in favour of closer ties with the Community has increased in recent months. In this context special importance attaches to the declarations made by Mr. Edward Heath, Lord Privy Seal, at the last meeting of the WEU Council on 27 February 1961. Mr. Heath stated that the United Kingdom would be ready, under certain conditions (which are admittedly of considerable importance), to consider a common or harmonized tariff on manufactured goods.

Establishment by the associated countries of missions at the seat of the Community

7. On 23 March the President of the Commission, M. Walter Hallstein, received His Excellency Ambassador Djime Momar Gueye in his capacity as representative of the Republic of Senegal accredited to the EEC. M. Djime Momar Gueye is the first representative appointed by an associated overseas country.

The appropriate institutions of the EEC have taken note of the nomination of M. Georges Damas as representative of the Gabonese Republic with the EEC.

The procedure for the accrediting of a representative from the Republic of Somalia with the Community has been set in motion, as has that for a representative of the Republic of Togo.

Establishment of missions from non-member countries at the seat of the Community

8. On 14 March His Excellency Ambassador Primo Villa Michel, Head of the Mission from Mexico accredited to the Community, presented his letters of credence to President Walter Hallstein.

The European Economic Community has given its agrément to M. Albertus E.F. Burger, Ambassador accredited to His Majesty the King of the Belgians, appointed by the Government of the Union of South Africa as Head of the Union's Mission to the EEC.

ECONOMIC AND FINANCIAL AFFAIRS

9. Note on economic trends at the end of March 1961

COMMUNITY

		Oct.	Nov.	Dec.	Jan.	Feb.
Industrial production ⁽¹⁾	1959/60	112	114	115	116	117
	1958 = 100 1960/61	123	123	124	125	—
Imports from non-member countries	1959/60	1 382	1 388	1 590	1 535	1 610
	cif in millions of \$ 1960/61	1 597	1 641	1 846	1 659	—
Exports to non-member countries	1959/60	1 589	1 570	1 722	1 481	1 626
	fob in millions of \$ 1960/61	1 698	1 662	1 876	1 493	—
Trade balance	1959/60	+ 207	+ 182	+ 132	- 54	- 16
	in millions of \$ 1960/61	+ 101	+ 21	+ 30	- 166	—
Trade between member countries ⁽²⁾	1959/60	800	761	824	723	795
	in millions of \$ 1960/61	926	882	904	837	—
Gold and foreign exchange reserves ⁽³⁾	1959/60	11 310	11 423	11 555	11 453	11 584
	1960/61	14 348	14 339	14 555	—	—

⁽¹⁾ Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

⁽²⁾ Calculated on the basis of imports.

⁽³⁾ Amount held by the monetary authorities at end of month.

During the last few months, the Community index of industrial production (adjusted for seasonal variations) continued to rise at much the same rate as that recorded at the end of 1960. However, noteworthy progress in industrial production was made in only three countries: Italy, the Netherlands and the Federal Republic of Germany. As production rose, imports from non-member countries and trade between the member countries once again expanded. On the other hand, the growth of exports has tended to flag, except in the Federal Republic of Germany. The result has been a rather more rapid deterioration of the Community's balance of trade, the figures for January 1961 having, moreover, been influenced by seasonal factors. Nevertheless, the increase in the reserves of the official monetary institutions in the member countries continued at the beginning of 1961, mainly on account of the influx of capital from non-member countries.

FEDERAL REPUBLIC OF GERMANY

		Oct.	Nov.	Dec.	Jan.	Feb.
Industrial production ⁽¹⁾	1959/60	114	115	116	117	118
	1958 = 100 1960/61	123	124	126	128	(129)
Orders received	1959/60	143	141	136	125	129
	1958 = 100 1960/61	151	154	142	137	—
Number of unemployed in thousands	1959/60	197.1	230.6	443.3	627.0	529.6
	1960/61	121.7	136.4	271.6	390.1	292.5
Turnover in retail trade	1959/60	112	112	163	95	93
	1958 = 100 1960/61	121	126	177	102	100
Prices to the consumer	1959/60	101.5	102.2	102.1	102.1	101.9
	1958 = 100 1960/61	102.4	103.0	103.1	103.6	103.8
Imports cif in millions of \$	1959/60	776	743	921	742	778
	1960/61	899	876	1 001	829	761
Exports fob in millions of \$	1959/60	911	905	1 020	807	872
	1960/61	998	1 013	1 201	929	964
Gold and foreign exchange reserves (net) ⁽²⁾ in millions of \$	1959/60	3 887	4 102	4 355	4 262	4 340
	1960/61	6 446	6 487	6 583	6 533	6 589

⁽¹⁾ Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

⁽²⁾ Held by the Deutsche Bundesbank at the end of the month.

Expansion continued, strains on the economy became more severe and average prices continued to rise slowly. In view of economic imbalance both without and within, the Federal Government decided on a 5% revaluation of the German Mark with effect from 6 March 1961.

Exports continued to expand in line with the general economic trend. Orders received from abroad again increased in January. Investment also continued to be

very heavy. The substantial rise in wages increased the pace at which private consumption has been expanding. Retail trade turnover in January and February was 8% in value and 7% in volume higher than the corresponding figures in the preceding year.

During the first two months of this year industrial production continued to expand vigorously; it exceeded by more than 10% the very high level of the previous year. Imports, whose progress had already appreciably lost momentum since December, as a result of the slackening in imports of agricultural produce (whilst imports of semi-finished and finished goods continued to increase), were lower by 2% in February than in the corresponding month of the preceding year.

The increase in prices became general. From October to February prices to the consumer increased by 1.4%. The surplus in the balance of payments continued to grow: from December 1960 to February 1961 it rose to more than 2,100 million German Marks (compared with only just 1,100 million German Marks for the corresponding period of the previous year). Since, moreover, the influx of short-term capital continued even after the revaluation, the gold and foreign exchange reserves of the Bundesbank have again risen substantially in the last few weeks.

FRANCE

		Oct.	Nov.	Dec.	Jan.	Feb.
Industrial production ⁽¹⁾	1959/60	108	110	111	112	110
	1958 = 100 1960/61	118	118	118	118	—
Number of persons seeking employment ⁽²⁾	1959/60	145	147	148	144	138
	in thousands 1960/61	125	128	125	123	120
Turnover of large retail stores	1959/60	141	128	202	127	82
	1958 = 100 1960/61	156	146	233	141	—
Prices to the consumer (Paris)	1959/60	107.3	108.0	108.0	109.4	109.6
	1958 = 100 1960/61	111.3	111.6	111.9	111.9	112.0
Imports cif	1959/60	456	448	539	505	547
	in millions of \$ 1960/61	473	531	616	489	532
Exports fob	1959/60	555	531	589	592	607
	in millions of \$ 1960/61	621	594	612	540	567
Trade balance	1959/60	+ 20.0	+ 14.7	- 6.3	+ 11.4	- 9.4
	in millions of \$ 1960/61	+ 61.0	0	- 52.9	+ 12.2	- 8.2
Gold and foreign exchange reserves ⁽³⁾	1959/60	1 911	1 793	1 720	1 738	1 781
	in millions of \$ 1960/61	2 136	2 068	2 070	2 143	2 235

⁽¹⁾ Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

⁽²⁾ End-of-month figures, seasonally adjusted.

⁽³⁾ Amount held by the monetary authorities at end of month.

Expansion continued during the first months of the year despite a certain slackening in the pace of growth since the autumn.

External demand is relatively stable: exports in January-February, particularly those to the franc zone, were lower than at the beginning of 1960. Internal demand was, however, still strong. Private consumption in particular — encouraged by the growth in incomes — increased markedly. The fall-off in retail trade turnover, after the good period at the end of the year, seems to have been less sharp than usual. The trend of investment appears, however, to lack confidence.

Industrial production taken as a whole again increased in January and probably in February as well, although in certain sectors, such as that of the motor industry, figures show that output remains stagnant. The number of vacancies rose and the number of unemployed declined further. Imports of finished industrial products continue to rise rapidly, but the basic trend in imports of foodstuffs, raw materials and semi-finished products tends to be rather downward.

By and large the general level of prices remained stable during the first months of the year. There were once again surpluses in the balance of payments. Official gold and foreign exchange reserves increased by 165 million dollars since the beginning of the year, reaching a total of more than 2,200 million dollars at the end of February. Liquidity in the economy remained high. Only limited use is being made of the capital market. On the other hand, borrowing from the banks seems to be continuing in its upward trend.

ITALY

		Oct.	Nov.	Dec.	Jan.	Feb.
Industrial production ⁽¹⁾	1959/60	116	119	121	123	124
	1958 = 100 1960/61	131	131	132	133	—
Number of unemployed in thousands	1959/60	1 553	1 632	1 774	1 870	1 805
	1960/61	1 413	1 472	1 608	—	—
Internal trade ⁽²⁾	1959/60	131	120	117	117	116
	1958 = 100 1960/61	144	128	129	137	—
Prices to the consumer	1959/60	100	101	101	102	102
	1958 = 100 1960/61	102	103	103	104	—
Imports cif in millions of \$	1959/60	300	315	320	350	396
	1960/61	416	407	411	422	—
Exports fob in millions of \$	1959/60	266	267	301	233	307
	1960/61	332	294	324	385	—
Official gold and dollar reserves ⁽³⁾ in millions of \$	1959/60	2 964	2 991	2 953	2 900	2 869
	1960/61	3 065	3 057	3 080	—	—
Yield on fixed-interest- bearing securities	1959/60	5.51	5.45	5.47	5.34	5.23
	1960/61	5.28	5.50	5.52	5.11	5.05

⁽¹⁾ Index of Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

⁽²⁾ Calculated on the basis of revenue from turnover tax.

⁽³⁾ Situation at end of month.

The slackening in economic development already noted during 1960 has in all probability continued into the first weeks of this year; apparently the only positive force at work was supplied by internal demand.

Apart from the usual seasonal variations, exports may even have diminished slightly in January. The progress of internal demand, on the other hand, was maintained. Investment, broadly speaking, continued to increase. Only the demand for housing seems to have lost some momentum towards the end of 1960, for the number of building licences issued fell off slightly from November to December, reversing the trend observed in previous years. Private consumption will probably show a further rise.

Industrial production has probably continued to increase: since the beginning of the year, at any rate, output from the steel and motor industries has increased. Building has been favoured by the warm and dry weather. Imports in January were sustained, against the seasonal trend, at the very high level of 1960.

Prices to the consumer rose slightly at the beginning of the year, mainly on account of the increase in controlled rents and the hardening of prices for certain other services. The money and capital market was also relatively liquid in February: the trend towards higher interest rates noted in January continued in February.

NETHERLANDS

		Oct.	Nov.	Dec.	Jan.	Feb.
Industrial production ⁽¹⁾	1959/60	116	118	120	121	123
	1958 = 100 1960/61	129	130	130	131	—
Number of unemployed in thousands	1959/60	54.6	61.4	88.3	91.6	80.8
	1960/61	32.6	37.3	53.5	62.8	52.4
Retail sales	1959/60	114	107	123	109	91
	1958 = 100 1960/61	122	119	—	—	—
Prices to the consumer	1959/60	103	103	103	103	103
	1958 = 100 1960/61	104	103	103	103	—
Imports cif in millions of \$	1959/60	350	344	370	352	348
	1960/61	405	389	407	441	—
Exports fob in millions of \$	1959/60	359	339	335	287	331
	1960/61	369	361	359	353	—
Trade balance in millions of \$	1959/60	+ 9	- 5	- 35	- 65	- 17
	1960/61	- 36	- 28	- 48	- 88	—
Gold and foreign exchange reserves ⁽²⁾ in millions of \$	1959/60	1 325	1 326	1 329	1 337	1 354
	1960/61	1 572	1 573	1 633	1 641	1 613

⁽¹⁾ Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

⁽²⁾ Held by the Nederlandsche Bank N.V. at end of month.

During the first months of this year growth was less marked than during the corresponding period of 1960: the exhaustion of reserve production capacity and the shortage of manpower were both making themselves increasingly felt.

External demand continued to advance; there was a vigorous surge in exports, including sales to non-member countries. Even if current demand from abroad should be somewhat damped down by the revaluation of the Florin, the high number of orders on the books should be enough to ensure that in the coming months exports continue to expand.

Internal demand continues to grow.

Industrial production succeeded in expanding slightly. In the last few months, however, the rate of advance over the corresponding periods of the preceding year has lost something of its vigour. Strain on the labour market has again increased. The number of unemployed in January and February was appreciably smaller than that recorded at the beginning of the preceding year.

Imports in January showed further progress.

The prices of consumer goods remained stable despite the heavy pressure of demand. The deficit in the trade balance again increased. Although the other headings in the balance of payments again revealed surpluses, the Central Bank's gold and foreign exchange reserves were very slightly down at the end of February.

BELGIUM

		Oct.	Nov.	Dec.	Jan.	Feb.
Industrial production (1)	1959/60	106	107	107	108	109
	1958 = 100 1960/61	113	113	—	—	—
Number of unemployed in thousands	1959/60	105.9	116.3	132.3	147.1	138.2
	1960/61	94.3	105.0	114.8	128.1	121.6
Turnover of large retail stores	1959/60	111	120	143	97	95
	1958 = 100 1960/61	121	129	138	—	—
Prices to the consumer	1959/60	102	102	102	102	102
	1958 = 100 1960/61	102	102	102	102	102
Imports cif in millions of \$	1959/60	310	311	334	316	340
	1960/61	337	339	324	329	—
Exports fob in millions of \$	1959/60	299	289	314	319	304
	1960/61	329	315	316	240	316
Trade balance in millions of \$	1959/60	- 11	- 22	- 20	+ 3	- 36
	1960/61	- 8	- 24	- 8	- 89	—
Gold and foreign exchange reserves (2) in millions of \$	1959/60	1 247	1 211	1 198	1 216	1 240
	1960/61	1 129	1 154	1 189	1 166	1 142

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

(2) Held by the Banque nationale de Belgique at end of month.

Economic activity, which had suffered a severe setback in the strike of December and January, picked up again strongly in February. However, this might largely be accounted for by the fact that firms were making a special effort to meet orders that had not been dealt with during the weeks of the strike.

The strike, which ended only on 20 January, affected mainly the exports for that month. In February sales abroad again increased appreciably, especially as the rate of placing of orders from abroad remained satisfactory, and large export industries — particularly the production and processing branches of metallurgy — again reached full delivery capacity. The propensity to invest seems to have been discouraged by general uncertainty as to the economic trend and by the tax increased provided for in the “loi unique”. Private consumption was also affected at the beginning of the year by the fall in incomes consequent on the strike.

Following the considerable slackening noted in January, industrial production developed very satisfactorily in February. On the other hand, imports expanded only slowly, for businessmen remained very cautious in their policy towards stocks and in their purchases of equipment.

Retail prices have remained fairly stable during the last few weeks. The financial authorities made greater use of the National Bank in order to make payments due on foreign indebtedness, with the result that gold and foreign exchange reserves again underwent a slight setback.

GRAND DUCHY OF LUXEMBOURG

		Oct.	Nov.	Dec.	Jan.	Feb.
Industrial production ⁽¹⁾	1959/60	108	110	112	113	114
	1958 = 100 1960/61	115	115	115	—	—
Output of pig-iron	1959/60	299	293	308	312	301
	in thousands of tons 1960/61	319	306	309	316	—
Output of crude steel	1959/60	332	317	328	336	332
	in thousands of tons 1960/61	348	336	338	333	—
Prices to the consumer	1959/60	101	101	101	101	100
	1958 = 100 1960/61	101	101	102	102	101
Short-term credit to firms						
and individuals	1959/60	3 940	3 656	3 760	4 266	4 316
	1960/61	4 567	4 730	4 556	—	—

⁽¹⁾ Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.

General economic activity remained very vigorous at the beginning of 1961, though external demand for iron and steel products has once again fallen off during the last few weeks. The number of orders on the books, however, which had already

diminished somewhat in late summer and early autumn 1960, remained relatively large. Internal demand seems to have continued to develop satisfactorily during the first months of this year.

Industrial production seems to have shown no change. Production of iron and steel was even slightly lower than that for the corresponding period of the previous year. Imports continued to increase, mainly owing to the increase in consumer expenditure.

Prices to the consumer remained unchanged. They might, however, increase slightly in the next few months following the revaluation of the Florin and the German Mark, which has led to higher prices for a number of the leading products imported from abroad.

Comparative study of budgets

10. The Working Party for the comparative study of the budgets of the Member States met in Brussels on 14 and 15 March. It examined the second part of the preliminary draft report compiled by the Commission's staff on the conclusions to be drawn from the comparison of economic accounts supplied by the administrations of member countries. This draft report was approved by the national experts, subject to a number of alterations and additions. As soon as the additional information is available to the Directorate-General for Economic and Financial Affairs, it will be possible to prepare the final draft intended for the Commission.

Long-term problems of structure and expansion

11. The Working Party for the study of problems of structure and long-term economic development met in Brussels on 15 March under the chairmanship of M. Pierre Uri. It examined the provisional projections of certain elements of final demand in the Community countries in 1970.

In the field of the consumption demand from households, it compared the projections established for each of the main headings in the family budgets in the different member countries.

The demographic expansion of the six countries over the same period was also considered, with particular reference to the way in which the active and employed sections of the population would develop.

In its consideration of these various subjects and the problems raised by them, the Working Party concentrated first on the results of the provisional studies and then on the methods to be used in later research.

This work will make possible the construction of homogeneous and coherent projections of which the first elements are revealing a development in the Community countries which is free of marked disparities.

Meeting of the Ministers of Finance

12. The Ministers of Finance of the six member countries met in Düsseldorf on 20 and 21 March. With the help of the Governors of the Central Banks, they discussed the international monetary and financial situation; on this occasion the revaluations of the Florin and the Deutsche Mark were considered. The Ministers were unanimous in taking the view that the Netherlands and the Federal Republic of Germany had by this action made an effective contribution to redressing the balance in the international payments situation. The Ministers stressed that fixed exchange rates are essential to international monetary stability. As the Governors of the Central Banks noted at their meeting in Bâle on 12 March, new changes in exchange rates are not contemplated, and the recent revaluations represent final and once-and-for-all measures. The Ministers also affirmed their common resolve to pursue in close co-operation a watchful policy for the maintenance of international monetary stability. In this context they examined various possibilities which might be taken into consideration with this policy in mind, such as for example the strengthening of aid to developing countries, the repayment of external debts before they fall due, the more flexible use and the possible strengthening of the International Monetary Fund's resources.

At the end of their talks the Ministers examined the problems of harmonizing taxes within the Common Market, particularly in relation to taxes on capital movements.

Group for the co-ordination of policy on credit insurance

13. The group for the co-ordination of policy on credit insurance, guarantees and financial credits held its third session in Brussels on 17 March.

The discussions concerned in the first place an interim report prepared by the sub-group instructed to examine, with the Directors of the credit insurance institutions, the practical possibilities for harmonizing the export credit insurance methods used in the six countries. Harmonization should apply mainly to the risks covered by credit insurance, to the level and differentiation of premiums and to the amounts guaranteed. Moreover, the problem of co-insurance and reinsurance in the case of joint operations by enterprises in the different countries of the EEC was carefully studied. A detailed programme was drawn up for the continuation of this work.

On the basis of a procedure proposed by certain delegations the group then discussed the problem of consultation among the Member States in the case of particular operations. It was agreed that until a more precise definition of such a procedure was available, a system for the exchange of information could be started: those responsible for matters of credit insurance policy and credits to non-member countries will thus have an opportunity to obtain from their colleagues information on the methods for operations planned at government level.

M. Camu, the President of the Banking Federation of the EEC, whom the group had invited in accordance with its terms of reference to explain the views of this Federation, addressed the group on the possibility of private banking organizations taking part in the financing of credits to developing countries. It was agreed that at a joint meeting between the Banking Federation and representatives of the member countries and the Commission, to be held under the auspices of the co-ordinating group, the particulars of such participation would be studied in greater detail.

The group further agreed to hold a first discussion on concrete credit insurance problems arising in connection with certain countries: the aim would be to co-ordinate the attitude of the Member States and possibly to study ways and means of common action.

THE INTERNAL MARKET

Measures of safeguard

14. On 28 March the Commission of the EEC decided in principle to authorize the Italian Government under Article 226 of the Treaty to adopt safeguard measures for the following products: sulphur, carbon disulphide, sodium sulphides and polysulphides, iodine, unwrought lead and zinc spelter.

These safeguard measures provide protection for the Italian market vis-à-vis Member States as well as non-member countries and are authorized for the period of one year.

Within this period the Italian Government will lay a reorganization programme before the Commission. This will allow the Commission to decide in the full knowledge of the facts on the measures which may prove necessary at a later date, including the re-opening of the Italian market for these products.

The protection granted extends from a ban on imports (in the case of sulphur) to the retention of the duties in force vis-à-vis Member States and, in certain cases, the postponement of approximation to the common external tariff.

The Italian Government will have to see to it that the temporary retention of these customs duties does not appreciably affect the competitive position of producers using the commodities protected.

The products listed above were the subject of the protocols annexed to the agreement of 2 March 1960 concerning the establishment of that part of the common external tariff covering the products of List G. In these protocols the Member States had stated that they were inclined to support the application of Article 226 of the Treaty in a way which would isolate the Italian market for a period of six years with regard both to the other Member States and to non-member countries.

The decisions concerning the main products are as follows :

a) Sulphur

Authorization is granted to retain the import ban for one year from the date of the decision. A programme of reorganization is to be presented for the sulphur industry and to be implemented in good time to enable the Commission at the end of one year to decide, in full knowledge of the facts and in the light of the first measures taken, on the subsequent approval of safeguard measures.

b) Carbon disulphide, sodium sulphides and polysulphides

Retention of the existing duties (14.4%) vis-à-vis Member States for the period of one year from the date of the decision. (The Commission will decide on the subsequent approval of safeguard measures for the products in question on the same terms as for sulphur.)

c) Crude and other iodine

i) No exception to the reduction of duties vis-à-vis Member States. On the other hand confirmation to Italy that the safeguard measures adopted under Article 115 may be maintained (exclusion, in derogation from Articles 9 and 10 of the Treaty, of Community treatment for iodine which, having been imported from a non-member country, is in free circulation within another member country).

ii) Authorization for Italy, under Article 226, to introduce an approximation of only 20% instead of 30% to the common tariff vis-à-vis non-member countries. (These measures will be valid for one year from the date of the decision.)

The Italian Government will in a year's time submit a programme for the reorganization of the iodine industry.

d) Unwrought lead and zinc spelter

Maintenance of the minimum specific duties in force on 2 March 1960 for one year from the date of the decision. Amendment of ad valorem duties according to the normal timetable.

Submission of a reorganization programme in the same way as for the products listed above.

Tariff problems

Tariff quotas granted under Article 25 (1) of the Treaty

15. The Council has examined the Commission's proposals on the granting of tariff quotas under Article 25 (1) of the Treaty in connection with 26 requests from the various Member States. ⁽¹⁾

⁽¹⁾ See Bulletin 1/61, sec. 16, for the legal bases for the opening of tariff quotas and the principles underlying the Commission's proposals.

In order to reduce the disadvantage inherent in the granting of tariff quotas, the Council has, in conformity with Article 28 of the Treaty, agreed by unanimous decision to suspend until 31 December 1961 the duties of the common external tariff for the following four products:

Heading ex 38.05 B — Refined tall oil

Heading ex 38.08 C — Disproportionated rosins

Heading ex 38.08 C — Potassium soaps of resin, disproportionated

Heading 73.05 B — Sponge iron or steel

The Council further agreed to incorporate in the minutes of the meeting a section on the application of the suspension of duties under Article 28 of the Treaty. This suspension of duties will be published in the official gazette. Moreover, the Council has written into the tariff nomenclature a tariff sub-heading on sheep skins chamois-dressed but not ground or cut, imposing a duty of 8%, which leaves a margin in relation to the 10% duty applicable to other chamois-dressed leathers or skins.

The Council has agreed to publish in the official gazette the establishment of this tariff sub-heading (sub-heading 41.06 A).

The Council has also given its approval to 21 other proposals from the Commission concerning the granting of tariff quotas as below:

Number in common customs tariff	Description of product	Benefiting Member States
28.13 F	Selenious anhydride (silica gel)	Italy
28.20 B	Artificial semi-friable corundum	B.L.E.U.
28.28 G I	Vanadic pentoxide (vanadium anhydride)	France Italy
ex 28.29 A IV	Potassium and tantalum fluorides	Italy
38.05 A	Tall oil (liquid rosin), crude	B.L.E.U. Netherlands Germany
38.07 A	Spirits of turpentine	B.L.E.U. Netherlands Germany
ex 38.07 B	Sulphate turpentine, crude; crude dipentene	Netherlands Germany
38.08 A	Rosins	B.L.E.U. Netherlands Germany
48.01 A	Newsprint	France Germany
73.05 A	Iron or steel powders	B.L.E.U. Netherlands Germany

Meeting of the heads of the customs administrations in the Member States

16. At a meeting held in Brussels on 16 and 17 March 1961 the heads of the customs administrations in the six Member States studied various problems in connection with the approximation of the statutory and administrative provisions on customs matters and the functioning of the customs union.

It was agreed that the following arrangements should be adopted in the Member States:

- a) Duty-free admission of consignments not exceeding 12 units of account in value, sent occasionally and free of charge to private persons residing in the EEC;
- b) Lump-sum charges on non-commercial consignments not exceeding 60 units of account in value (the amount of this lump-sum duty is still to be determined); ⁽¹⁾
- c) The earliest possible conclusion of a multilateral convention on mutual administrative and judicial assistance amongst the Member States;
- d) The drafting of a procedure by experts in the six Member States and the Commission for a posteriori checks of free customs circulation certificates (Certificates DD 1 and DD 3) (co-operation between the customs services of the various Member States);
- e) The implementation of the agreement reached between the customs administrations of the six Member States, Switzerland and the staff of the Commission on facilitating the transit of EEC goods through Switzerland.

Infringement of agreed tariff

17. On 12 April the Commission referred to the Court of Justice an infringement by the Italian Government of the duty on radio tubes and valves contained in the Italian tariff. ⁽²⁾

COMPETITION

Fiscal problems

18. On 20 and 21 February there was a meeting of Working Party No. II which is to study where common regulations could be drawn up for the calculation of countervailing charges on imports and drawbacks on exports referred to in Articles 95 to 97 of the Treaty. (It will be remembered that this Working Party was set up

⁽¹⁾ Draft recommendations and decisions at present being prepared for the Commission by its staff will shortly be laid before it, with a view to putting into practice the decisions of principle taken by the heads of the customs administrations.

⁽²⁾ See above, Chapter III.

by the meeting of representatives of the Commission and government experts on fiscal matters, which was held in Brussels on 22 June 1959.) (1)

The thorough deliberations of the Working Party have brought to light ideas acceptable to all the delegations, although some delegations have registered reservations on certain points.

The results and conclusions reached by the Working Party will be laid before a plenary meeting to be attended by the heads of the fiscal administrations in the Member States.

It has not yet been possible to solve the problems stemming from the measures taken by the Italian Government in the field of countervailing charges and drawbacks on turnover taxes. (2)

The careful examination of certain important products for which the rates have been raised, undertaken at a meeting on 12 and 13 January with the appropriate experts of the six Member States, has shown that in the opinion of the Commission and the five other Member States these rates exceed the limits fixed in Articles 95 and 96 of the Treaty.

On this basis two further conversations took place on 27 January and 8 March between the Commission and M. Trabucchi, the Italian Minister of Finance. After another multilateral meeting with the representatives of the six countries on 17 March, at which certain possibilities of solution were discussed without leading to a result, it was decided to submit the matter to a meeting with the Ministers of Finance, which the Commission would arrange for this purpose.

19. At a meeting of the Ministers of Finance held in Düsseldorf on 20 and 21 March (3) some problems of fiscal harmonization within the Common Market were studied. It was decided that the Commission would organize a meeting with the senior officials concerned with this matter in the Member States in order to examine the possibilities of harmonizing the taxes on capital movements and the methods employed in direct taxation to establish the basis of taxation. This meeting will also deal with fiscal problems concerning certain special fiscal arrangements applicable to holding companies.

Provisions applicable to enterprises

Implementing regulations pursuant to Articles 85 and 86

20. After proposals for a first regulation under Articles 85 and 86 had been made by the Commission and laid before the Council, the latter has asked for an opinion from the Economic and Social Committee. This opinion was issued on 28 March.

(1) See Bulletin 3/59, Chapter III, sec. 37.

(2) See Bulletin 10/60, Chapter III, sec. 28.

(3) See above, Chapter IV, sec. 12.

The following is a resumé of the main ideas expressed.

With regard to the scope of the regulation the Economic and Social Committee has found that Articles 85 and 86 must in principle apply to all branches of economic life, but that special provisions should be worked out for agricultural produce under Article 42 of the Treaty, for transport, whose rules of competition must be harmonized with the common policy, and for the banking and insurance sectors, which in many countries are the subject of special regulations.

The Committee's opinion agrees that only the Commission should have the power to apply the provisions of Article 85 (3) under which certain agreements may be exempted from the basic prohibition. Nevertheless, the Committee feels that the Commission's decisions should be subject to appeal. It also considers that before taking its decisions the Commission should be given the opinion of a consultative body consisting of representatives from the various branches of the economy.

The Committee further considers it desirable that a procedure be established for complaints brought by Member States or by individuals and another for those investigated *ex officio* by the Commission, the latter arising out of the powers of inquiry and investigation already vested in the Commission.

The Economic and Social Committee would like to see the interim arrangement, under which both the Member States and the Commission are competent, disappear as quickly as possible in favour of all decisions being centralized in the hands of the Commission, the national authorities simply being consulted. It believes that the harmonization of legislation and national policies in the field of competition is in any case indispensable.

The Committee stresses the need for a complete balance between the rules governing understandings and those applicable to taking improper advantage of dominant positions.

On the very important question, finally, of the registration of certain existing agreements and the request for authorization provided for in the case of new agreements, a procedure for which provision is made in the Commission's draft and the whole of which is referred to as "obligatory declaration" by the Economic and Social Committee, the members of this body have not succeeded in agreeing on a uniform position supported by a clear majority. Those in favour of and those opposed to a system of obligatory declarations were equal in number. The vote on the Commission's draft showed 41 in favour, 41 against and 10 abstentions. Consequently, the two views were set forth together in the opinion.

Those in favour of the Commission's system felt that the proposed procedure was entirely in line with the provisions of the Treaty, and that it constituted the best means to facilitate effective supervision, whereas a system based solely on complaints was less well calculated to obtain results. They felt, moreover, that the procedure

proposed by the Commission was sufficiently supple, especially owing to the transitory provisions, to allow for the existing situation and its being gradually adapted to the regulation.

Those members of the Economic and Social Committee who are opposed to the obligatory declaration system fear that such a system might overburden the Commission with administrative tasks little conducive to efficiency, whereas a system based on investigations by the Commission, complaints by injured parties, and ex officio intervention could well produce better results. They feel further that the authorization based on Article 85 (3) of the Treaty should be given retroactive effect.

It is interesting to note that the two equal groups into which the Committee has split on this subject in practice correspond to the group of employers, who are opposed to the declaratory system, and the group of workers, who have approved the Commission's proposals, whereas the other members of the Committee voted in various ways.

For its part the European Parliament is carrying on its study of the draft regulation, which is before several committees, especially the Internal Market Committee.

SOCIAL AFFAIRS

Social security

21. To obtain from the different circles concerned their views on a uniform list of occupational diseases and of the noxious agents which could cause them, the Commission on 9 and 10 March organized a meeting of government experts from the six Community countries, of representatives from both sides of industry and of delegates from the other European Communities and from international organizations. The list had been drawn up by the Commission's staff.

After thorough discussion the various experts expressed general agreement with the Commission's drafts. These will be submitted to the government experts for further examination with the aim of establishing the final text of an opinion or of a recommendation to the Governments of the Member States.

Harmonization of social systems

22. The advisability and timing of certain work on the harmonization of the social systems under Articles 117 and 118 of the Treaty have been considered by the Commission's staff who have planned a series of meetings on the point with the representatives of the Governments and of both sides of industry.

The first meeting was held on 17 March in Brussels, with employers' and workers' representatives from the six member countries taking part.

Family problems and housing

23. A meeting of experts from the six Community countries, which was devoted to "family affairs", was held in Brussels on 13 and 14 March at the suggestion of the Commission. Officials from the Ministries in charge of family questions, representatives of national family movements and of the International Union of Family Organizations, as well as representatives from the European secretariats of the international employers' and workers' organizations (ICFTU, IFCTU, Union of Industries of the European Community, and Committee of Agricultural Organizations) took part in the meeting.

The experts examined the principal measures taken on behalf of the family in 1960, the projects under way and the development of family policy in each of the Community countries. Their work brought to light the fact that to some extent the measures taken or now under study are tending to converge. The discussions have mainly concerned problems relating to the families of migrant workers, to the family aspects of housing and particularly the provision of social facilities for large housing units, to consumer protection, taxation, the studies of family budgets and the work done by mothers.

Those taking part expressed the opinion that the organization of such meetings is useful because they provide a means for the exchange of information and the comparison of experience.

On 23 and 24 March the Commission organized in Brussels a meeting of the government experts on housing policy. Representatives from the European secretariats of the international employers' and workers' organizations (Union of Industries of the European Community, Committee of Agricultural Organizations, ICFTU, IFCTU) also took part.

The most significant facts and figures (number of dwellings completed, credits used, etc.) and the more important statutory measures of 1960 were reviewed. The problems raised by land policy, and in particular developments in the cost of building sites, were fully discussed and compared. The work brought out the urgency of these problems and proved how topical they were.

After a review of the present trends and the outlook at the beginning of 1961 the experts discussed the programme of activities in the housing sector already begun or planned by the Commission.

AGRICULTURE

Common agricultural policy

24. On conclusion of the deliberations in the Special Committee for Agriculture, the Commission convened meetings of government experts to examine the terms

and conditions for implementing the first measures which would have to be taken in conformity with the Commission's proposals for the preparatory stage of the agricultural policy, especially those in the sugar, egg and wine sectors. The sugar experts discussed the main problems raised by the system the Commission proposed. As for eggs, the work centred on the levy system applicable between the Member States and vis-à-vis non-member countries. The wine experts considered more especially the proposals in the field of intra-Community trade as well as the conditions in which these proposals could be executed. Some measure of agreement was reached.

The next number of the Bulletin will report on the state of work in connection with those products (grain, pigmeat, eggs and poultry) for which the Commission has undertaken to submit proposals for 31 May or 31 July.

25. On the basis of a decision by the Council, dated 20 December 1960, concerning the establishment of an inventory of measures having the effect of distorting the conditions of competition in agricultural produce, and of the discussion on this subject in the Special Committee for Agriculture, the Commission convened meetings of experts with a view to drawing up an inventory of the aids granted by the Member States in the meat and the fruit and vegetables sectors.

26. M. W. Schwartz, Minister of Food, Agriculture and Forests of the Federal Republic of Germany, together with the Commission of the European Economic Community, represented by its Vice-President M. S.L. Mansholt, set up on 10 March a committee consisting of the Commission's economic advisors and of German economists. The task of this Committee is to study the effects that will be produced on the income of agriculture in Germany by reduction of the differences in prices for agricultural produce at present found in the various Member States.

Approximation of legislation

27. The work on the approximation of legislation in the agriculture and foodstuffs sector has continued; the sub-group for veterinary legislation concerning trade in cattle on the hoof and the working party for regulations on forest seeds and seedlings held their first meeting.

The Commission's staff are drawing up the text of a hygiene regulation concerning meat intended for marketing in any of the six countries other than the country of origin. This text is based on the work carried out by the Commission with the help of experts from the Member States.

Relations with non-governmental organizations

28. In the framework of its relations with non-governmental organizations at Community level, the Commission held two exploratory meetings: one with the agricultural producers (COPA), the representatives of trade in agricultural and

foodstuffs produce (COCCEE) and of the agricultural and foodstuffs industries (UNICE), the other with the agricultural workers' trade unions (ICFTU and IFCTU). The purpose of these meetings was to study current questions relating to the common agricultural policy.

Trade

Minimum prices

29. At its session of 21 March 1961 the Council examined the Commission's proposals concerning the determination of objective criteria for the establishment of minimum price systems and for the fixing of these prices. The discussion bore particularly on the problems of the terms and conditions for fixing the level of minimum prices in cases where there is a market organization including price guarantees for a given product or in cases where there is not. The problem of the procedure for the periodical revision of the criteria for fixing minimum prices was also given full consideration. The Member States will submit written comments on certain articles of the draft decision which deal with these problems. The Council will go into this point again at its next session.

Countervailing charges

30. At its meeting of 15 March the Commission, acting at the request of the Government of the Federal Republic of Germany, took a decision under Article 46 of the Treaty. This decision fixes a countervailing charge on imports of whole milk powder into Germany.

The Federal Government had based its request on the fact that production and export subsidies being made in the different Member States constituted distortions of competition leading to artificially low prices on the German market and a decline in domestic production.

The rate of the countervailing charge is based on a price, the aim of which is to re-establish the equilibrium on the German market, fixed by the Commission at 253 DM per 100 kg. of milk powder; to this will correspond a price for the item delivered at the frontier before taxes and customs duties have been paid. The countervailing charge is fixed as the difference between this price and the export prices in the exporting countries.

In adopting this decision the Commission took into consideration the fact that the Federal Government had fixed a minimum price for its imports from non-member countries, delivered frontier but before payment of taxes and customs duties, at 211 DM per 100 kg. of milk powder.

31. The Commission has examined requests from Germany for the application, under Article 46 of the Treaty, of a countervailing charge on imports of malt and eggs as well. It has also studied the German requests for the fixing, under Article 226, of countervailing charges for artificial honey, biscuits and waffles.

Infringement of agreed tariff

32. On 20 March 1961 the Commission brought a case before the Court of Justice for the first time. The complaint was against the Italian Republic for an infringement of the Treaty through the suspension of the import of certain products in the pigmeat sector whose liberalization had been bound under Article 31 of the Treaty. ⁽¹⁾ The complaint was lodged in conformity with the procedure stipulated in Article 169 of the Treaty.

The conference on the social aspects of the agricultural policy

33. Whilst indicating the basic principles of a social policy for agriculture, the Commission had not, in its proposals on the common agricultural policy of 30 June 1960, developed in greater detail this particular aspect. It had, however, stated definitely that it would convene a consultative conference whose objective would be to supply more detailed information on the principles, purposes and programme of social policy in the field of agriculture.

It was decided in consequence that this conference, organized by the Commission, would bring together, in the presence of observers from the Governments of the EEC Member States, the representatives of the farmers' and agricultural wage-earners' organizations functioning at Community level.

After having discussed with the agricultural organizations concerned the organizational details of the conference, the Commission has decided that it will be held in Rome during September 1961.

Four working parties will study the main subjects of the conference, which are:

a) The social problems of family farms, including the conditions of rural life, the conditions of agricultural work, social services, etc. Rapporteur, M. Anchisi (COPA); co-rapporteurs: M. Stockman (IFCTU) and M. Tavernier (COPA);

b) The social problems of agricultural wage-earners, including living and working conditions, full employment, stability of employment, social services, etc. Rapporteur, M. Vredeling (ICFTU); co-rapporteur, M. Bonjean (COPA);

c) Occupational mobility and migration, free movement, and share-farming. Rapporteur, M. Haniquaut (IFCTU); co-rapporteur, M. de Hay (COPA);

d) General training and cultural development in the rural environment, agricultural and non-agricultural training and occupational re-training. Rapporteur: M. von der Schulenburg (COPA); co-rapporteur, M. A. Rossi (ICFTU).

⁽¹⁾ See above, Chapter III.

A report describing the general problems will be presented by the Commission and will serve as an introduction to the Conference's work.

An equal number of participants from the farmers' organizations and the agricultural wage-earners' organizations will be invited by the Commission; the proportion of farmers and wage-earners in the four working parties will be adapted to the subject studied by the party. There will be no voting during this conference and the final report to be submitted to the Commission is to reflect either the agreed views of workers and employers in agriculture, or to express the two opinions separately.

TRANSPORT

34. The Commission has just put the finishing touches to the draft memorandum suggesting the general lines for the common transport policy. ⁽¹⁾ This document, which is intended to serve as the basis for a wide discussion leading up to the preparation of the proposals required by the Treaty, is to be sent to the Council of Ministers. It will also go to the European Parliament, the Economic and Social Committee, the Consultative Committee on Transport, and eventually to the different circles concerned. The Commission is also completing a document which constitutes its programme of operations in the field covered by Article 75 (1a), concerning the establishment of common rules applicable to international transport.

This document shows what problems will have to be tackled to clear the way for the common rules which, according to the Treaty, must be established before the end of the transition period. It also covers the order of priority for dealing with these problems and the working procedure planned.

Transport infrastructure

35. On 28 March the Commission's staff organized a meeting on the development of the inland waterways infrastructure. The meeting was arranged after the Council had decided, on 6 December 1960, that certain additions should be made to the Commission's recommendations for the development of the transport infrastructure in the EEC. Problems such as the improvement of communications with seaports and of the links between Community countries and the associated and non-member countries were examined in the light of the comments made by the Council and the European Parliament. The conclusions reached in these discussions will take the form of supplementary proposals for submission to the Commission.

During this meeting the national delegations reviewed the state of progress reached in the studies and in the work already being done on the various projects covered by the Commission's recommendations on inland waterways.

(1) See leading article, p. 5.

Lastly, continuing the work undertaken in 1960, the meeting went into the regional aspects of inland waterways infrastructure. These aspects will be examined in the same conditions at the meetings on "highways infrastructure" and "railways infrastructure" which will be held in the coming weeks. In later meetings, as soon as the appropriate services of the Commission have been able to supply more detailed information on the economic outlook of the different regions, the experts on the three means of transport will be asked to examine with the regional policy experts the problems raised by the infrastructure of these regions.

The meeting of 28 March brought out the considerable efforts being made by the Governments to expand the inland waterways network in Europe.

36. During 1960 the Commission had sent to the Governments of the Member States three lists of transport rates and conditions in which there could be elements of support and had requested them to supply, with the help of a questionnaire sent at the time, exact information on the nature, purpose, scope and economic importance of these measures.

The first answers from the Governments have just been delivered and are now being examined by the Commission's staff. It has been noted that in most cases the replies are very general in character and do not yet allow of a thorough study of the particular cases. The Commission has therefore requested the Governments to supply additional information.

DEVELOPMENT AID

The Community and the countries in course of development

37. The Commission took part in the fourth meeting of the Development Assistance Group, held in London from 27 to 29 March 1961 under the chairmanship of the head of the United Kingdom delegation. All the members of the Group were represented. The Secretary-General designate of the OECD also took part in the meeting. The International Bank for Reconstruction and Development and the Inter-American Development Bank took part in the discussion of certain points of special interest to them.

The Group recognized the importance of an effort in the field of technical assistance to supplement financial aid, and decided that the members should keep each other informed of their activities in this sphere in order to draw mutual benefit from their experiences.

The Group examined the financial conditions under which assistance should be given and made an up-to-date list of the many forms under which private and public funds are granted to the developing countries. It was recognized that generally speaking it is not wise to reserve too great a share of financial aid for short-term credits out of the total of aid accorded to the different countries.

It was decided to recommend to the Governments of the member countries and to the Commission of the European Economic Community that they should take as their common objective the increase of the total aid granted and should aim at improving its efficacy.

With a view to strengthening the functioning of DAG, it was decided to invite the United States delegation to designate a chairman of the Group and the French delegation a vice-chairman. They will hold these offices until the Group is merged in the OECD, and possibly afterwards.

The chairman who is appointed under these new arrangements will be in close contact with the Secretary-General of the OECD and will devote all his time to this work.

At the invitation of the Government of Japan it was decided to hold the fifth meeting of the Group in Tokyo from 11 to 13 July 1961.

Technical assistance for the countries in course of development

38. The Technical Assistance Group for the countries in the course of development, set up in October 1960 by the Council, held its third meeting on 16 March 1961.

In the light of the work done in Washington at the end of February by DAG, work in which the EEC had taken part, the Group continued its examination of the problems raised by the exchange among the Member States of information concerning assistance. On the subject of defining technical assistance, the Group fell into line with conclusions reached by the DAG experts: by technical assistance must be understood all those activities consisting in the supply of skill and knowledge intended to facilitate the economic and social development of the receiving countries.

As for the information with which the Member States should henceforth provide each other when the Group is at work, it was decided that these facts and figures could be compiled according to the outline plan drawn up by the Commission's staff. The Group agreed that the Member States should as far as possible supply information on private activities at the same time as they supply that which concerns public activities. Lastly, the problem of the geographical breakdown of the facts and figures mentioned above was examined.

In conclusion, the procedure decided on by the Group for exchanging information will be handled in the following way:

a) The Member States will supply the Commission, before 1 May of each year, with financial and technical information covering actual expenditure on technical assistance and the operations completed during the preceding year. The Commission will draw up an annual report on the basis of this information.

b) The Member States will inform the Group once a year, if possible by the end of February, of the sums earmarked for technical assistance in their respective budgets for the current year.

c) The Member States will transmit to the Group twice a year information covering current projects, together with information on the state of progress towards their completion; this will be supplied on 1 May for the projects in hand on 31 March, and on 1 November for the projects in hand on 30 September.

d) The Member States will, by means of special reports, supply information to the Group on those projects which have not as yet progressed beyond the agreement stage.

The Group also examined the conditions under which an inventory is now being established by the EEC Commission in co-operation with the European Productivity Agency on training and research facilities in the member countries. This inventory has been considered by the Council as a preparatory factor which is indispensable to the study of the establishment of a European development institute. The representative from Euratom suggested that a working party be formed to discuss the problems connected with the establishment of the institute under consideration without waiting for the final drafting of the proposed inventory. The Group took the view that it could take no decision on this last point without having consulted the Council.

The next meeting of the Technical Assistance Group has been fixed for 17 May 1961.

OVERSEAS DEVELOPMENT

Meeting between the EEC and the associated States at ministerial level

39. Before the Conference, held at Yaoundé from 26 to 28 March, of the heads of those States which are members of the Afro-Malagasy Organization for Economic Co-operation, six associated States had replied accepting the invitation which the Council had on 2 March addressed to the Governments of the associated States, asking them to participate in a meeting of Ambassadors in preparation for a future meeting at ministerial level. In accepting the Council's invitation, each of these countries had at the same time designated its representatives for the proposed preparatory meeting.

On 28 March the twelve African and Malagasy heads of State meeting at Yaoundé unanimously accepted the principle underlying this invitation and proposed to the Council that the intended meetings be held in Brussels in June.

The States concerned are the following : the Republics of Cameroun, Central Africa, Congo (Brazzaville), Ivory Coast, Dahomey, Gaboon, Upper Volta, Madagascar, Mauritania, Niger, Senegal and Chad.

Trade

40. In March the Commission considered various problems affecting trade between Member States and associated countries and territories. These problems are still under review.

The Commission has drawn up the text for a proposal to be submitted to the Council to make possible the granting of repayable credits to associated overseas countries so as to facilitate the functioning of the stabilization funds existing in these states for the benefit of certain basic products. These repayable loans would be drawn from the monies available to the European Development Fund.

The plan to use the resources of the European Development Fund in order to finance local operations which could stabilize the incomes of African and Malagasy producers is based on an amendment to the financial rules of this Fund, for which the approval of the Council will be sought; simultaneously there will be submitted to the Council a draft model convention laying down the conditions under which loans can be put at the disposal of local stabilization funds.

The conventions to be concluded between the Community and the overseas States would lay down for each product the average world price on the basis of which incomes would be stabilized by payment or repayment, depending on whether the actual market price was above or below the world price.

This aid by the Community would be limited both as to quantity and to prices, in order to avoid anything which would encourage excessive production and to keep the commitment of funds within reasonable limits.

The proposed intervention would not influence private commercial transactions or the market policy of the associated overseas countries. Since such aid would be given direct to the stabilization fund through the government agencies on the spot, it would contribute to the support of producer incomes, but not at the expense of budget revenues or commercial profits.

Apart from the highly appreciated aid which this project would mean for the overseas countries, it has the advantage of being without any element of commercial discrimination and respecting the dynamism of prices on a market which would remain free.

Student symposium

41. On 10 March the Commission of the EEC organized a symposium for 40 students of the Bruges College of Europe. On 20 and 21 March it also organized, in co-operation with "Jeune Europe" and the "Bureau de liaison France-Europe-Afrique", a symposium in Paris for 75 African students from the "Institut des hautes études d'outre-mer".

European Development Fund

42. In March the Commission approved the financing by the European Development Fund of the following four social projects :

In the Republic of Mali

Construction of 50 seasonal schools, with a provisional commitment of 367,250,000 frs. CFA (about 1,488,000 units of account). Mali already has senior and medium grade personnel, some of whom are provided as a form of technical assistance, but their work is insufficiently supported by junior personnel capable of disseminating the simplest techniques at the village level. In order to remedy this deficiency the Government has for some years been organizing rapid training courses for young farmers with a minimum of elementary education. The result of these courses has been sufficiently encouraging for their extension to the whole territory to be considered. The seasonal school seems the best method of supporting these courses. The project is to set up 50 seasonal agricultural schools under this programme, in which young farmers are to receive rapid instruction in order to make of them agricultural experts for their villages and thus to create the basic leadership necessary for any agricultural progress.

In the Republic of Ivory Coast

Housing estate of Cocody-Sud at Abidjan, with a provisional commitment of 400 million frs. CFA (about 1,620,000 units of account). The rise of the city of Abidjan, which is the railhead of the Abidjan-Ouagadougou line, the capital of the Ivory Coast and the principal seaport of the country, reflects the exceptional economic expansion of the Ivory Coast. The population of the city, which has trebled in ten years, now amounts to approximately 200,000 and in order to meet this situation the authorities of the country have decided to take a series of urgent measures to bring the very inadequate social development into line with the economic and industrial expansion already achieved. A master plan for the city has been drawn up and the development work as well as the construction of new districts has already begun. The proposed project, which fits into this programme, is for the construction of three new districts with roads and various municipal services as well as the necessary social and administrative infrastructure. This operation should make it possible to accommodate some 30,000 inhabitants.

In Madagascar

Construction of a new wing at the Majunga hospital, with a provisional commitment of 109 million frs. CFA (about 442,000 units of account). The mixed hospital at Majunga serves the entire Majunga province and part of the Diego-Suarez province, with a total population of some 700,000, of whom 50,000 live in the capital of the province. The present installations are inadequate because of their age and because of the population increase. The new building, to be financed by the Fund, will

have about 200 beds; this will make it possible to dispense with certain buildings which are either in a very bad state or too distant, and at the same time it will increase the total capacity by about 100 beds. The wing is intended to accommodate "active" patients and will be a two-storey building.

In the Comores

Supply of electricity for Moroni and Mutsamudu, with a provisional commitment of 84 million frs. CFA (about 340,000 units of account). There already is a considerable number of generators in the Comoro Archipelago. The use of electricity is widespread, particularly in urban areas. In Moroni and Mutsamudu, for which a joint electricity supply system is to be provided under the project, there exists a total of approximately 40 generators. Nevertheless, houses and huts on the island are almost exclusively lit by kerosene lamps. The project provides for the supply of electricity to these two towns, whose power requirements will no doubt increase in the coming years.

In the same month the Council approved, on a proposal from the Commission, the financing by the European Development Fund of the four following economic projects :

In the Republic of Upper Volta

The construction of eight earthen dams, and studies for a further programme, with a provisional commitment of 363,700,000 frs. CFA (about 1,473,000 units of account).

The policy of constructing small earthen dams has gained ground in Upper Volta and the local engineering services are constantly requested to provide structures of this kind; however, their technical staff is very limited. The project, which is for clearly defined purposes, is intended to improve the supply of water for the inhabitants and their livestock and for the rural development of the areas concerned; it is also to provide the country with technical assistance in the form of studies and guidance to the local services which are, as has been said, not able to meet the growing requests for their assistance.

In the Republic of Dahomey

Modernization of the road section from Cotonou to Porto Novo, with a provisional commitment of 200 million frs. CFA (about 810,000 units of account). This coastal road, of 178 kilometres, linking Togo with Nigeria, serves the most populous region and the two principal towns of Dahomey, Porto Novo and Cotonou. In addition to the traffic produced by the economy of the region served, there is on some sectors the traffic from the lateral roads. Because of these two capitals this stretch of road must carry, over and above the industrial and business traffic, a great deal of administrative transport; the total amounts to an average of 1,500 vehicles per

**OPERATIONS
OF THE EUROPEAN DEVELOPMENT FUND**

Financing approved — situation on 31 March 1961

(in thousands of units of account)

Countries or territories	Number of projects	Total amount
Congo (Leopoldville)	8	9,384
Ruanda-Urundi	9	2,297
	17	11,681
Cameroun	8	7,322
Central African Republic	8	3,372
Comores	2	421
Congo (Brazzaville)	4	2,768
Ivory Coast	7	6,808
French Somali Coast	1	742
Dahomey	8	2,405
Gaboon	5	5,070
Upper Volta	8	6,254
Madagascar	15	13,724
Mali (former Sudan)	13	7,468
Mauritania	3	2,343
Niger	2	7,290
New Caledonia	4	273
Polynesia	2	2,769
Senegal	6	13,656
Chad	6	8,067
Togo	9	5,204
Réunion	3	1,682
Groups of States	2	5,251
	116	102,889
Somali Republic	1	1,950
Netherlands New Guinea	6	12,487
Total	140	129,007

day. This very dense traffic, moving on an infrastructure intended for considerably less intensive use, raises the problem of maintaining in good condition a road which will become even more important as soon as the port of Cotonou is completed. The purpose of the project is to strengthen this section of the road in view of the constantly increasing traffic and the greater individual weight of vehicles, which have brought about a rapid deterioration of certain sectors which were not sufficiently strong.

In the Department of Réunion

a) Construction of a road opening up the heights of Sainte-Rose, with a provisional commitment of 108 million frs. CFA (about 438,000 units of account). Agriculture, which is virtually the only source of income in Réunion, must be continuously expanded by seeking new arable land in order to meet the constant increase of the population and the loss of agricultural land through erosion and cyclones. The project is for the construction of an 18-kilometre road into the medium altitudes of the Sainte-Rose district, opening it up for agricultural use.

b) Construction of a road opening up the hamlet of Grand Ilet, with a provisional commitment of 135 million frs. CFA (about 547,000 units of account). This project is for the improvement of a road by drainage and asphaltting, and for its extension over a further seven kilometres. The work will cover a total of 18 kilometres, which will be asphalted and will end the isolation of Grand Ilet and open up for use some 1,500 hectares of land, mainly for food growing.

43. During the same period the following financing conventions were signed :

i) Two financing conventions with the Central African Republic for two social projects and three economic projects, with a total provisional commitment of 2,662,000 units of account.

ii) One financing convention with the Republic of Senegal, for a social project and an economic project, with a total provisional commitment of 1,935,000 units of account.

iii) One financing convention with the Republic of Upper Volta, for two social projects and one economic project, with a total provisional commitment of 978,700,000 frs. CFA.

ADMINISTRATIVE AND BUDGET AFFAIRS

44. In March 1961 the Commission, acting in accordance with the provisions of Article 202 of the Treaty and of the provisional financial regulation for the implementation of the 1960 budget, laid before the Council the requests for available

credits from the financial year 1960 to be carried forward to the financial year 1961, both for the Commission of the European Economic Community and for the other Institutions of the Community. The Council approved these requests at its session of 20 March.

At the same session the Council also approved the Commission's proposal to extend for the financial year 1961 the financial regulation adopted on 5 May 1959, laying down the methods for the rendering and auditing of accounts.

Under this regulation the Community's accounts for the financial year 1960 and the balance sheet were submitted to the Committee of Control on 28 March 1961.

The Commission has also submitted to the Council and to the European Parliament the accounts of the budget operations for the financial year 1958, accompanied by the report of the Committee of Control.

V. Institutions and organs

A. THE COUNCIL

The Council of the EEC held its 44th session on 21 March under the chairmanship of M. Pierre Wigny, Minister for Foreign Affairs of the Kingdom of Belgium.

Before opening the discussions the President in office, M. Pierre Wigny, on his own behalf and on that of the Council, congratulated the President of the EEC Commission, M. Hallstein, who is to be awarded the Charlemagne Prize. The President of the Council expressed his pleasure at seeing this distinction crown the work done by the President of the Commission.

The questions considered by the Council included the following :

Association of Greece with the Community : The Commission transmitted to the Council the interim report planned on the negotiations in train with Greece and intimated that it would be ready to submit to the Council, for its next session, the overall results of these negotiations so that the Council could then take the final decisions.

Association of Turkey with the Community : The Council considered the renewal of the conversations with Turkey, fixed for 10 April, and gave the Commission the necessary instructions to this effect.

Agriculture : The Council took note of the report, presented by its Chairman, concerning the work of the Special Committee for Agriculture. The examination of the Commission's proposals on the common agricultural policy is being pursued.

In the domain of minimum prices, the Council examined the Commission's proposals on the determination of objective criteria for the establishment of minimum price systems and for the fixing of these prices. In particular, it went into the problem of how minimum prices would be applied when there was a market organization for a given product and when there was not.

The various delegations made their comments and, after the Commission had cleared up certain points, the Council agreed that the delegations should report back within about a fortnight with their detailed comments and suggestions on the Commission's draft.

Manpower policy and economic developments : The German Government has announced that it is ready to contribute three million Marks to the financing of a programme of rapid occupational training for Italian workers to be employed in the Federal Republic. The German delegation has added that this sum, which will ensure the execution of the programme already agreed on, constitutes a once-and-for-all contribution.

The other delegations and the Commission welcomed this German contribution, which would make it possible to implement the second part of the programme which had been planned. The first part of this programme, which concerns the Netherlands, is already being implemented.

The Commission's proposals on the granting of tariff quotas pursuant to Article 25 (1) of the Treaty: The Council examined the Commission's proposals on the granting, under Article 25 (1) of the Treaty, of tariff quotas for 26 headings of the common customs tariff, and agreed in conformity with Article 28 of the Treaty to suspend until 31 December 1961 the common customs tariff duties for four products. ⁽¹⁾

The Council also gave its agreement to 21 other proposals by the Commission on the granting of tariff quotas. The Commission has committed itself to a re-examination of the size of tariff quotas granted for newsprint in the light of the evidence that the Member States concerned are to submit.

The Monetary Committee: The Council agreed to instruct the Permanent Representatives to examine the Monetary Committee's report for 1960. On account of recent monetary measures in Germany and the Netherlands it had not been possible to transmit this report to the Council on time.

The Parliament: The Council took note of the four resolutions adopted by the European Parliament at its session of March 1961.

Carrying forward credits: The Council agreed to allow the Commission to carry forward certain credits as it had requested.

Financial regulation: The Council decided to extend for 1961 the financial regulation fixing the conditions for the rendering and auditing of the accounts.

At the end of the Council's 44th session the President in office, M. Pierre Wigny, paid tribute to Ambassador Ophuels, who is relinquishing the important responsibilities which he bore as head of the Permanent Representation of the Federal Republic accredited to the Communities. The President of the Council pointed out that Ambassador Ophuels had been one of the most devoted architects of the Community, and he was glad to know that M. Ophuels would continue to give his valuable services to his own country and to the cause of Europe.

B. THE ECONOMIC AND SOCIAL COMMITTEE

On 27 and 28 March 1961 the Economic and Social Committee held its 15th session in Brussels with M. Rosenberg in the chair. It was devoted to the preparation of

⁽¹⁾ See Chapter IV, sec. 15.

the opinion on the proposed first implementing regulation pursuant to Articles 85 and 86 of the Treaty, which had been submitted to the Council by the Commission. A draft opinion had been formulated by the Section for Economic Questions.

On this occasion the Committee heard a statement from M. von der Groeben, a member of the Commission. M. von der Groeben showed how the draft regulation fitted into the general framework of the Commission's competition policy, of which he indicated the main points, and explained the guiding lines on which the regulation is based.

The Committee adopted its opinion ⁽¹⁾ by 77 votes to 2, with 4 abstentions.

PUBLISHING SERVICES OF THE EUROPEAN COMMUNITIES

4001/5/IV/1961/5