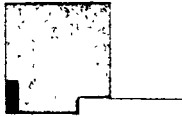
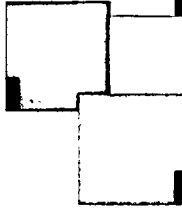


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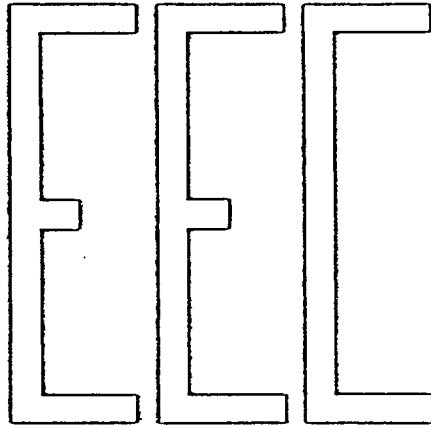


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The free movement of workers in the countries of the European Economic Community

by Lionello LEVI SANDRI
Member of the Commission

The adoption by the Council of Ministers of the first Regulation on the free movement of workers in the Common Market represents a further and an important step towards the integration of Europe. The progress made is not confined to the social field.

With the entry into force of these new Community rules, around which the long and necessary quest for effective solutions has raised hopes not always tempered with patience, the Institutions of the Community will have discharged the clearly-defined task assigned to them by Articles 48 and 49 of the Treaty, and will have brought to the stage of progressive and practical realization yet another of the factors indicated under Article 3 as essential to the smooth functioning of the European Common Market. For it is first and foremost from this point of view that the freeing of the movement of workers should be considered in the general framework of the Treaty: labour mobility is not a mere by-product, implied automatically in the abolition of customs barriers, but an element of economic integration in its own right, though closely linked and interdependent with the free movement of goods, services and capital. Together with these it forms the basis of Community policy. If this policy is to dispel existing imbalances in the economic and social situation of the Community countries, it must not neglect the major role played in such imbalances by the uneven geographic distribution of productive capacity and of the available manpower.

Like the measures laid down in the Treaty for improving the occupational mobility of workers, the freeing of the labour market therefore emerges as the valid and necessary instrument of a common employment policy, and an instrument such as will make no small contribution to that social betterment of the workers which is to go hand in hand with the balanced economic expansion of the member countries.

Again, the implementation of Articles 48 and 49 brings to fruition hopes and endeavours which have for many years past been preparing the ground for the final abandonment of the traditional concept of emigration based on the system of bilateral and multilateral agreements. This system inevitably tended to sacrifice the ideal of non-discrimination against migrant manpower to the varying needs of the receiving countries and would not therefore have been adaptable to the objectives of the Treaty and to the new

spirit of European solidarity which is an important element in its structure. For this solidarity presupposes the existence of a Community labour market, from which should not be disassociated the series of policy measures laid down in the Treaty for the better use of the Community's human potential, and in which full and absolute equality of treatment will lead to the rapid replacement of the notion of the "emigrant" by that of the "European worker".

Certain aspects of the new system call for particular attention, either because of their special nature or because of the importance they assume in the general framework of these standardizing rules. It is, for example, remarkable that the two legal instruments adopted by the Council differ in form: one form is that of the "regulation", the other that of the "directive". Legally grounded in Article 49 of the Treaty and adopted not by way of compromise but because of its aptness, this solution is justified by the variety of material for which rules are to be established, since the differing nature of the two kinds of measure is well suited to the questions to be covered. It was indeed realized that it is of major importance to ensure the effectiveness of the arrangements and the uniformity of their ends, whilst avoiding, in certain cases, the danger of the new rules running into direct difficulties in legal situations which vary widely from country to country: the settling of the more special and technical problems related to the body of provisions and administrative procedures covering documents for persons entering, leaving, residing and working in a given country has been confined solely to the directive. In this case, once the result to be attained has been fixed, the Community leaves it to the discretion of individual Governments to choose the most suitable means. The use of a regulation, which brings the Community's ruling directly and immediately into force, has on the other hand been reserved for those provisions intended to define the essentials of the new rules such as the determination and safeguarding of the individual rights sanctioned by Article 48, the co-ordination of national activities or, again, the institution of the machinery provided for in Article 49. The defining of these essentials demands that there shall be absolute uniformity in their application.

The principle of the "progressiveness" of liberalization, to which the Treaty itself refers several times, is of particular interest. Respect for this principle has made it advisable to limit the validity of the two measures to an initial period of two years, during which the traditional immigration policies of the Member States will have to be adapted to the criteria and to the steps imposed by the new rules, although the structure of the national administrations will not be subject to complete change. This does not alter the fact that the progress to be made in liberalization during this first stage will be a great advance on what has been done before; what is planned is the

granting to the worker from a member country of specific rights to enter, reside and take up employment in other member countries, with the corollary of a limitation on the powers of these States to decide their own immigration policies. This is all the more true since similar rights have been granted to the family of the worker, on the basis of a logical interpretation of the Treaty's provisions and on account of the need to get rid of a not inconsiderable obstacle to the international mobility of manpower and the need to defend the unity of the family.

Another factor of particular importance is the principle of priority for the Community labour market, on the basis of which some priority in the allocation of available jobs is accorded to manpower from the member countries. The purpose of this provision is to encourage, wherever possible, the reabsorption of labour surpluses, and therefore to foster a more balanced level of employment throughout the various regions of the Community.

The application of such a principle is the logical and necessary outcome of economic integration. A different solution would have led to an obvious and unjustified anomaly in the organic structure of the Common Market and would have hampered its balanced functioning. Moreover, anxiety to avoid anything which would make it difficult to satisfy manpower needs arising in the Community has prompted an elastic practical interpretation of this principle, under which the employers concerned can always and easily call on manpower from non-member countries if the numbers and quality of existing resources within the member countries fall below the needs of productive activity.

The rules for establishing contacts and for clearing vacancies and applications for employment are another of the important aspects of the arrangements adopted, as it is their efficiency which will decide the value of the results that are going to emerge from the gradual liberalization of the labour market. Obviously the system set on foot had to allow for the as yet imperfect realization of the Community, which in this first stage is still decisive for the individual employment policies; however, although the system is avowedly aimed at the regional decentralization of clearing work, it is still based on co-ordination of the activities of the member countries' central administrations. With this task in view, provision has been made in the Commission's services for a "European office to co-ordinate the clearing of vacancies and applications for employment," and the mass of technical tasks assigned to the Commission in this field will be dealt with by this office.

The whole system is based essentially on the principle of close co-operation among the national administrations and between the latter and the services of the European Commission. The Commission was at pains to make this co-operation effective even at the stage of drafting the two legal instruments:

it consulted on several occasions the government experts and the representatives of the employers' and workers' organizations. The principle of co-operation with governments and with organized productive forces is particularly strong and active at Community level; in the sector that concerns us here the principle is being realized in the form of an appropriate administrative structure in which the two committees to be set up under the Regulation itself will have a leading role to play and will assist the European Commission in its quest for suitable means of solving the problems raised by freedom of movement and by the implementation of the Regulation and of the Directives. Thanks to this structure, the member countries will also be able to demonstrate their spirit of co-operation in formulating an overall employment policy at Community level.

It is not easy to foresee to what extent the new arrangements will succeed in intensifying manpower movements between the countries of the Community, since the geographical mobility of manpower is linked to developments in the economic situation and to a multiplicity of factors which influence in varying degrees the distribution of the means of production and that of manpower. It is, however, certain that, assuming the "balanced expansion" of the Community's economy and the more efficient use of the labour forces, the implementation of the proposed provisions will lead to increased movements of labour.

But it is not so much on the quantitative level that the advantages of the freeing of the labour market are to be considered: what matters is the effectiveness of the new measures in promoting a better integrated and more spontaneous and prompt clearing of the supply and demand of manpower. Such clearing can in fact be ensured only by the complete freedom of labour movements, a freedom which, if it is made part and parcel of a common employment policy, will prevent employment opportunities being lost within the Community and will prevent economic enterprise being smothered by the severe strain and protectionist prudence which are features of the present system of seeking out and recruiting foreign workers.

Indeed, it is important to emphasize that the free movement of workers is not by itself a guarantee of full employment, but only one of the instruments meant to facilitate the attainment of this aim, an aim itself determined by the conjuncture of a complex of factors among which the geographical mobility of labour is without doubt important, but not decisive. Mobility must be combined with well-prepared vocational training programmes, and with a solution to the problem of workers' housing; this last problem is being examined in the wider framework of a policy for the family, the aim of which is to avoid not only the disintegration of the family unit but also the re-establishment of the migrant worker's family in surroundings which fall short of proper hygienic and moral standards.

Moreover, the free movement of workers, as it is provided for in the Treaty, involves a system of rules and limits worked out in a way which should reduce to a minimum the possibility of indiscriminate or unnecessary movement. The regulations adopted provide the most far-reaching guarantees, and because of these the concern and alarm which are sometimes felt for the well-being of the national labour market in view of the invasion of workers from other countries, with unavoidable repercussions on the level of wages and of employment, seem unjustified. The principle of "gradualness" in implementing the rules aims at fitting the new rules step by step into the old system in such a way as to avoid untoward repercussions on the latter; the principle of "offers of employment actually made" will avoid large and unjustified transfers of labour which might upset the economic and social order of the national markets; the principle of "equal treatment" for immigrant workers as against native workers will shelter the latter from the hazard of unfair competition affecting the level of employment and wages. One positive result of the freeing of labour movements will be the possibility of reducing the working week to a normal length so that the practice of working overtime, which is becoming more and more frequent in countries suffering from grave manpower shortages, will become less widespread; another will be the possibility of reducing certain inflationary tendencies which are already becoming clearly visible in these countries.

The work to be done by the Community's Institutions on the free movement of workers can certainly not be considered as completed with the entry into force of the instruments which we have just briefly examined. For apart from the question of the later liberalization stages which will depend mainly on the efficacy of this initial move and the ways in which the market develops, the task entrusted to the Commission cannot be limited to the more strictly negative aspect of the problem, represented by the abolition of obstacles to the free movement of labour created by the restrictive tendencies of national legislation; its function will have to be extended also to the positive side, which is that of imbuing this achievement with a dynamic impulse in harmony with the objectives of the Treaty of Rome. For this purpose it is not only necessary that the Commission should take care to see that the provisions are translated into working reality, but it is indispensable that the Commission should promote and guide natural migratory tendencies in such a way that they meet the various requirements of the market. In other words, the free movement of manpower must represent an instrument with which adjustments can be made by those in charge of general Community policy and, in particular, of the employment policy which is gradually to gain strength at Community level. From this angle the major importance of a technical and political co-ordination of the work to be undertaken in the field of occupational training needs no emphasis. Such co-ordination must in practice deal with the objective assessment

of requirements, with the harmonization of training methods and with the stimulation of fresh initiative, to which it is to be hoped that the European Social Fund may be able to make an effective contribution. Co-ordination is also to be extended to housing policy, in view of the favourable influence this may have on the policy of free movement and on that of full employment. Nor, lastly, can the problem of the absorption of the migrant worker in the new social surroundings be neglected: the worker must everywhere feel his European citizenship to be a source of strength and pride. For this, in the last analysis, must and will be the most important political and social result of the liberalization of the labour market: to the extent to which it is attained, we shall all be made to appreciate the effective range of European solidarity and the progress of the idea of unity in the minds of our peoples.

I. Activities of the Community

EXTERNAL RELATIONS

The association of Greece with the Community

1. At its session of 12 June the Council approved the text of the draft agreement for the association of Greece with the European Economic Community. Together with its annexes the draft had been initialled on 30 March 1961. ⁽¹⁾

The Council has therefore decided:

a) To propose that the Member States and Greece sign the Agreement as soon as possible with the proviso that the procedures laid down to ensure the validity of the final commitment of each party, particularly the formulation of an opinion by the European Parliament, are complied with;

b) To submit to the European Parliament, with a request for its opinion, the text of the Agreement and all its annexes as soon as they have been signed.

A later number of this Bulletin will be devoted largely to the Agreement on the association of Greece with the EEC.

The association of the Netherlands Antilles

2. As the question of the Netherlands application for the association of the Netherlands Antilles with the EEC had made no progress for several months, the Council instructed the Commission, at its session of 2 and 3 May, to endeavour to find a solution which would meet with the agreement of the six countries.

In response to this request the Commission has drafted a document to facilitate the work now in hand, particularly that part of it which concerns petroleum products. This first point was presented at the session of 12 June and was examined by the Council. The Commission is continuing its work in close co-operation with the Permanent Representatives and with the Council.

The possible accession of Great Britain to the EEC

3. Mr. Macmillan's recent statement in the House of Commons, his decision to consult the Governments of the Commonwealth, and the speech made in the Commons by Mr. Heath, Lord Privy Seal and Minister specially concerned with European

⁽¹⁾ See also below, "Institutions and Organs", the decisions of the Councils on 2 and 3 May and on 29 and 30 May 1961.

All the Council's decisions of 12 June will be reported in the next number of the Bulletin.

affairs, have focused interest on the association or accession of Great Britain to the Common Market. British opinion has been stirred and many leading figures have, on the initiative of Lord Gladwyn, signed a memorandum in favour of Great Britain's accession to the EEC.

This problem has also been the subject of discussions and resolutions in the various European Institutions. Western Union has adopted an important recommendation on this question and the Consultative Assembly of the Council of Europe has voted a recommendation inviting EEC and EFTA Governments to declare that they are ready to open negotiations for an association agreement.

In addition, the Special Committee on the problems relating to a European Economic Association has also met to study the possible accession of Great Britain to the Common Market and the Commission's opinion on the conditions for Great Britain's accession and, more generally, the accession of non-member states has been put before the Political Committee of the European Parliament.

Further information on these different subjects will be found in the following pages.

Meeting of the Special Committee

4. At the suggestion of the Commission, the Special Committee on the problems relating to a European Economic Association met on 15 May in Brussels, with Mr. Rey in the chair, to discuss the problems raised by the present situation in Europe.

The Committee, a meeting of which had also been requested by the Government of the Federal Republic of Germany, was informed by the representatives of certain member countries of the results obtained in exploratory talks between their experts and British experts.

Discussion revealed that the opinions of the national delegations and the Commission were, on essential points, identical.

The standpoint of the Commission on the possible accession of non-member countries

5. Replying to a written question by Mr Kalbitzer following a statement released by the Commission in April, the Commission has made clear its position on the possible accession of non-member states to the EEC. The statement indicated that the accession of a non-member state to the EEC under Article 237 of the EEC Treaty necessarily involves "acceptance of all the provisions laid down at the time of the conclusion of the Treaty or having meanwhile resulted from the implementation of these". The only alternative open to non-member states which "are unwilling or unable to accept all the provisions of the Treaty of Rome is association with the Community under Article 238".

Mr Kalbitzer raised the question of any "adaptations" which might be made, as provided for in Article 237, asked whether Article 238 should be interpreted in its narrowest sense, and went on to refer to the political aims of the Community. In its reply the Commission makes clear in particular that Article 237, which deals with accession, mentions the "conditions of admission and the adjustments to this Treaty necessitated thereby". (1) In the case of a European State applying for membership, it may be stressed that in the French text of the Treaty the word *amendement* is not used in Article 237 (as it is, for example, in Article 236) : it was the word *adaptations* which was chosen, *adaptations* meaning only the technical adjustments such as are necessitated by the actual admission of a non-member country.

"In this sense the *adaptations* are not only admissible but inevitable; both in the distribution of the different financial obligations and in that of institutional adjustments (number of votes, number of seats in the different Institutions and organs, etc.) the Treaty will have to undergo changes which will take account of the presence of the member. The Commission's clarification in no way alters the notion of *adaptation* as it occurs in Article 237, since this refers to a different problem.

"Moreover, Article 238 provides for the possibility of "agreements creating an association embodying reciprocal rights and obligations, joint actions and special procedures to be made with a third country, a union of States or an international organization". The very flexible wording which has been used concerning the content of a possible agreement makes it possible to strike the balance in reciprocal commitments which would appear to be the most satisfactory in a given case. For this reason, it could be accepted by any non-member states unwilling or unable, *a priori*, to accept all the provisions of the Treaty of Rome. It is of course completely distinct from the idea of accession, both because it comes under a special Article of the Treaty of Rome and because, in contrast with Article 237 which is expressly limited to European states, it has a wider field of application and different objectives.

"It is not for the Commission to put itself in the place of the non-member states concerned and to say on their behalf which is the device which appears to correspond best with their interests or their political wishes. Moreover, the press release referred to by the Honourable Member was merely the result of the fact that an agency had attributed to the Commission opinions corresponding neither to the legal situation nor to the actual thinking of the Commission. The agency item obliged the Commission to make absolutely clear the difference between Article 237 and Article 238. The Commission is convinced that such a clarification, reminding non-member states as it does of the opportunities open to them to join the Com-

(1) The semi-official English translation of the Treaty of Rome, published by the Secretariat of the Interim Committee for the Common Market and Euratom, uses the word "amendments" where the official French text clearly states "adaptations".

munity, can only serve a useful purpose, especially as the European Parliament, too, has repeatedly asserted that the Community and its neighbours in Europe ought to come closer to each other”.

6. Addressing the Parliament's External Trade Committee, Mr Rey, a Member of the Commission, also dealt with this problem.

He pointed out first of all that the bilateral contacts between the United Kingdom and certain EEC Member States concerned the Community as a whole.

He went on to declare that a period of very thorough study carried out in cooperation with British experts will have to precede the negotiation stage, and the Commission, he remarked, is getting ready for this task.

In conclusion, Mr. Rey referred to some of the problems raised for the EEC by the accession of the United Kingdom; these fell into two main groups :

a) It would be necessary to find out how far our partner was prepared to accept the Treaty of Rome without alteration, making only the adjustments provided for in Article 237; such acceptance would have to apply not only to the Treaty of Rome itself and its developments to date, but also all future developments;

b) It would also be necessary to find out whether the Community would first have to define its policy in a certain number of fields, and particularly the essentials of its agricultural policy.

Mr. Rey ended with the reflection that the present development is a proof of the Community's vitality and must be welcomed.

Recommendations of the Assembly of Western European Union on the accession of the United Kingdom to the Community

7. The Community was represented at the Assembly of Western European Union, which held the first part of its seventh ordinary session in London from 29 May to 1 June.

Among the items on the agenda, the following were of particular interest to the Commission : the speech of welcome made by the Prime Minister of the United Kingdom, Mr. Macmillan; the presentation of the Sixth Annual Report of WEU by Mr. von Brentano, Minister for Foreign Affairs of the Federal Republic of Germany; the policy of Member States of WEU (political consultation between the seven Member States; the examination of arrangements to be made for the accession of the United Kingdom to the EEC); “Which Europe, Which Africa?” (report submitted by Mr. Conte).

The fact that the WEU Assembly was meeting for the first time in London was intended by the organizers to be symbolic import. Mr. Macmillan made a cautious and thoughtful speech, stressing the slowness with which natural organisms grow and recalling the problems that render the United Kingdom's accession to the

Common Market difficult (the Commonwealth, agricultural problems, and EFTA). The British Prime Minister said that "when nations had united in the past, it had been the result of force; now, for the first time, the growth of unity was natural and spontaneous. It is scarcely surprising that the growth of the tree of unity with its deep roots in all our countries should have been slower than that of the ephemeral structures of the past. To reach goal every country must, of course, recognize and accept the special positions of the others; they must also forget their divisions and think rather of the fundamental purposes and traditions which inspired them all."

This speech, lacking as it did a clear statement of intention, proved somewhat disappointing to the members of the Assembly.

As for the political consultations between the seven Member States, unanimous approval was given to a recommendation that questions of common interest concerning Europe be discussed with Great Britain in regular meetings of the WEU Council of Ministers until Great Britain becomes a full member of the three European Communities.

In another recommendation the Assembly urges that :

1. "Taking account of the present bilateral talks, (the Council) initiate general discussions between representatives of the seven Member States and of the Commission of the EEC with a view to preparing an agreement providing for the accession of the United Kingdom to the European Economic Community without weakening the political content of the Treaty of Rome;

2. That in these conversations the member countries take account, *inter alia*, of the proposals set out in the present report and in particular the following points :

i) the economic relationships of the United Kingdom with the countries of the Commonwealth and the economic relationships of these countries with the Member States of the European Economic Community;

ii) the position of British agriculture;

iii) the problems of financing the development fund set up under the Convention to the Treaty of Rome.

iv) The position of the European Free Trade Association, which is not dealt with in this Report, being outside the competence of Western European Union.

The Assembly also adopted a recommendation concerning the item on the agenda : "Which Europe, Which Africa?" This recommendation urges that the Council, "pending the accession of Great Britain to the European Economic Community, commence, with the participation of as many African States as possible, the organization in the near future of an Afro-European Conference at government level, with a view to harmonizing existing economic co-operation between the United

Kingdom and associated African countries on the one hand, and between the Six and the overseas countries associated with the European Economic Community on the other”.

Statement by Mr. Heath on the relations of Great Britain with the EEC

8. In the foreign affairs debate in the House of Commons on 17 May Mr. Edward Heath, Lord Privy Seal and Minister specially concerned with European affairs, defined, in his opening speech, the attitude of Great Britain to the Common Market, declaring that the problem to be solved was fundamental: “What are to be the relations of ourselves and the Commonwealth and the EFTA partners with the new Europe?”

Recognizing that the structure of Europe has changed and that a fresh relationship had to be established between Great Britain, the other European countries and the six Common Market countries, Mr. Heath emphasized the strength of the EEC, which in size was comparable with the United States and the Soviet Union, and its growing economic power, which would be followed by the strengthening of its political influence.

Analyzing the economic consequences of the development of the EEC countries and the effect that would be produced by the establishment of the common external tariff and the gradual abolition of internal tariffs, Mr. Heath noted that the Six would be better able to compete with other countries on world markets; this he considered to be a challenge to Britain’s export trade as a whole. “I am not telling the House that our trade is in immediate danger”, said Mr. Heath. “What I am trying to do for the House is to look into the future over a longer period and see how these things may well develop.”

On the political side, one of the major political achievements of the Six had been to create a Franco-German rapprochement. The presence of Great Britain would undoubtedly consolidate this and contribute towards the balanced development of the Community. “These, then, are most powerful reasons why we should use all our strength and energy to find a solution to the problem of a closer relationship between ourselves and our partners and the European Economic Community. It is against these political factors that we should place the very real difficulties of finding a solution in the economic and commercial field. Of course, if we examine these, we shall find some things which we do not like — some individual things which may be disadvantageous to us and some things which the Six do differently from the way to which we are accustomed.”

Mr. Heath went on to tell the House something of what had been done “since we started a new approach to this problem nine months ago”. In the technical talks, inspired by the will to find a solution, substantial progress had been made. The major difficulties were: Great Britain’s trade with the Commonwealth, agricultural problems, problems raised by the relations with the member countries of EFTA and institutional problems.

Discussing the standpoint of the United States, Mr. Heath stressed that the new administration in Washington had made its position quite clear. It was prepared to accept additional discrimination against United States goods provided that the arrangement reached could be shown to strengthen the political unity of Europe.

Four courses were now open to Great Britain :

- 1) To abandon the search for a solution (characterized by Mr. Heath a "counsel of despair");
- 2) To try to make an economic arrangement between the two separate groups, which would continue to retain their identity (this would mean some additional political advantages necessary to offset it);
- 3) The establishment of a form of association by Great Britain and other members of EFTA (individually) with the Community;
- 4) Full membership of the Common Market, provided that proper arrangements were made to reconcile Commonwealth trade and the British agricultural system with trade and agriculture in Europe, and that there were also proper arrangements for the EFTA partners.

"This is the problem we are discussing in Europe today. I believe that it is one of the greatest which confronts our generation. It is technical and complex, and its aspects must be kept in perspective. Above all, I think that the technical and commercial matters I have mentioned must be set among the great political issues I have described. They must be set in the context of the unity of Europe and the contribution they can make towards the freedom of Europe, on the unity and freedom of which peace depends".

The Community and GATT

The Tariff Conference

9. The first phase of the Tariff Conference finished at the end of May. It was largely taken up with Community re-negotiations under the provisions of Article XXIV (6) of the General Agreement. The purpose of these re-negotiations, conducted on behalf of the Community by the Commission, was to work into the common tariff the concessions previously made by the Member States in their individual tariffs. The present situation is that the signing of the agreements reached has already been concluded with fourteen Contracting Parties. These agreements include the binding of duties in the common tariff and, for a number of tariff headings, reductions in the rate of duty.

The second phase of the Tariff Conference began on 29 May 1961. It provides several countries which have decided to accede to the Agreement as well as the Contracting Parties with the opportunity of opening multilateral negotiations for the granting of new tariff concessions based on reciprocity and mutual advantage.

The Community, which is taking part in these negotiations, has offered, in accordance with the speed-up decision of the Council of Ministers taken on 12 May 1960 (1), to make a linear reduction of the common tariff by 20%, provided this concession can be matched by equivalent reciprocal concessions. In making this proposal, the Commission's representative added that the linear offer covered all those headings in the common customs tariff where the first approximation of duties, made by each country on 1 January 1961, had been carried out on the basis of the common tariff reduced by 20%. He went on to say that where headings in the common tariff had not been the subject of such an approximation, they would not *ipso facto* be excluded from the negotiations, and they would have to be looked at case by case to decide whether they were negotiable.

The Commission, which is conducting these negotiations on behalf of the Community, has invited the countries taking part in them to adopt similar methods, so that a balance can be struck between the concessions offered by the Commission and those of the other Contracting Parties. It has also asked the industrialized countries to indicate the extent to which they would be prepared to adopt the method it suggests, and has made it clear that since the offer of a general reduction is made in fact to the industrialized countries, the Community would not in its negotiations with the less developed countries insist on fully equivalent concessions.

This, then, is the proposal by which the Community has opened multilateral negotiations with a number of Contracting Parties. If it transpires later that certain countries cannot fall in with its proposal for a reduction, it will strive to reach a balance of concessions on other bases, which might entail the adjustment of its offer.

Eighteenth Session of the Contracting Parties

10. The Commission took part in the Eighteenth Session of the Contracting Parties which was held in Geneva from 15 to 19 May. Discussion was focused on the EEC during the examination of three points on the agenda :

i) *The examination of the EEC external tariff in conformity with Article XXIV (5a) of GATT*

A working party which had been instructed to examine the effects of the common tariff, as is required under Article XXIV of the General Agreement, submitted its report to the Contracting Parties. On account of differences of view on the interpretation of the relevant clauses of Article XXIV (5a), the working party was unable to reach unanimous and final conclusions.

At the end of the discussion on this report it was decided to defer consideration of the general effects of the common tariff and of other regulations affecting trade and to place the matter on the agenda of the Council of the Contracting Parties.

ii) *The Treaty of Rome and the associated overseas territories*

This item, placed on the agenda at the request of Nigeria, gave many developing countries the opportunity to voice once more their concern at the effects on their own exports which ensue from the arrangements by which the overseas countries and territories are associated with the EEC.

Although, as the Commission's representative pointed out, they were unable to offer any factual proof to justify their misgivings, the trend of the discussion made it clear that these countries meant to raise once more the legal issue of the compatibility of the association with the rules of the General Agreement if they considered that the EEC in the multilateral tariff negotiations had not gone far enough to meet their wishes.

iii) The tariff negotiations

Referring to the Tariff Conference, the Executive Secretary of GATT announced to the Contracting Parties that since the EEC took the view that it had fulfilled its obligations under the General Agreement, the first phase of the tariff negotiations was declared closed, and consequently the second phase of the tariff negotiations, at the multilateral level, would open on 29 May.

Several Contracting Parties voiced their disappointment at the results of their negotiations with the EEC Commission and regretted that they had been conducted on too narrow a legal basis.

In his reply the Commission's representative referred to this reproach and recalled that from the very beginning of the re-negotiations the EEC had affirmed its desire to fulfil all its obligations under Article XXIV (6), but did not intend to go any further: many requests went far beyond this limit.

Among other items discussed on the agenda of the Eighteenth Session the following are of special interest:

a) The decision of the Contracting Parties, on a proposal of the Council, to convene a ministerial meeting from 27 to 30 November 1961, during the period of the Nineteenth Session. The agenda of this meeting will cover the principal problems raised by the programme for expanding international trade, including in particular problems of trade in agricultural produce and the difficulties hampering the trade of the relatively less developed countries. This meeting is looked forward to with great interest, notably by the developing countries, who intend to focus attention on the elimination of restrictions and discriminations which hinder their exports.

- b)* The decision to introduce a programme of technical assistance to the newly independent states, covering all matters which fall within competence of the General Agreement.
- c)* The establishment of a working party to review the application of Article XXXV to Japan. The terms of reference given to the working party include examination of the existing trade relationship between Japan and each of the countries which have invoked Article XXXV, and the effects of the invocation of Article XXXV on Japan's trade and the repercussions on the trade of other Contracting Parties.
- d)* The re-constitution of the working party which carried out the examination of the Stockholm Convention. This working party has now been instructed to examine the agreement creating an association between Finland and EFTA. Various representatives, including the Spokesman of the six EEC Member States, have welcomed in principle the association of Finland while reserving their position on the compatibility of the association agreement with Article XXIV (5), particularly in view of the provisions on trade in agricultural produce in the agreement between Finland and Denmark. As for the special problem raised by the Finno-Soviet Agreement, the Contracting Parties have made it very clear that this agreement contravened too seriously the fundamental principle of non-discrimination embodied in Article I of GATT for a waiver even to be contemplated. This special problem will be examined again at the Nineteenth Session.
- e)* The statements by the French and Italian delegations on the progress made in the elimination of their import restrictions, and the results of the consultations held for this purpose by the two Governments with the countries concerned.

The Economic Commission for Latin America (ECLA)

11. Observers from the Community attended the Ninth Session of the United Nations Economic Commission for Latin America and the third meeting of this Commission's Committee on Trade, which were held from 4 to 15 May 1961 in Santiago, Chile.

The work of ECLA's Ninth Session centred mainly on the economic and social development of the South American continent, whilst the Committee in Trade devoted itself mainly to the various theoretical, practical and financial aspects of Latin American regional integration.

The Community's observers had the opportunity to make statements to the Commission and to the Committee on Trade concerning the activities, development and policy of the Community, and to reaffirm the importance the Community attaches to its relations with Latin America.

Close and formal relations between the EEC and ECLA were declared to be strongly desirable; active co-operation between the EEC and the institutions of the two regional economic integration systems (the Latin American Free Trade Association and the Central American Common Market) was also warmly recommended.

Implementation of the common commercial policy

12. The Commission has just addressed to the Council a first memorandum on the procedure to be applied for the implementation of a common commercial policy. Under Article 111 of the Treaty the Member States are to coordinate their commercial relations with countries in such a way as to bring about, not later than at the expiry of the transitional period, the conditions necessary to the implementation of the common policy on external trade. For this purpose, and taking into account any necessary transitional adjustments to be made, the Commission has to submit to the Council proposals regarding the procedure to be applied during the transitional period in order to establish common action and proposals regarding the achievement of a uniform commercial policy.

The document submitted to the Council takes stock of the present situation and lists the procedures relating to certain aspects of the commercial policy dealt with up to now by the Community : tariff negotiations, commercial relations with European countries, negotiations on the association of non-member countries and questions of bilateral commercial relations (content of bilateral commercial agreements, alignment of liberalization lists, consultation procedures and methods of co-operation between the Member States and the Commission).

The Commission is also proposing that the Council shall decide on two definite aims : the first concerns the establishment of a consultation procedure for the negotiations on agreements concerning Member States' trade relations with non-member countries and for amendments to the liberalization system vis-à-vis non-member countries and the second concerns standardization of the duration of commercial agreements during the transition period.

This memorandum is to be followed later, when the work being carried out by the Commission and the Member States is sufficiently advanced, by a fuller document setting out the principles which are to guide common commercial policy, together with the programme of work to be undertaken in order to establish this policy.

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

13. On 1 June the President of the Commission, Mr. Walter Hallstein, received Mr. Georges Damas, Ambassador of the Gabonese Republic accredited to the EEC, and Sheik Mohamed Hassan, Ambassador of the Somali Republic accredited to the EEC.

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

14. The EEC Institutions concerned have given their *agrément* to the request from the Government of the Dominican Republic for the establishment of diplomatic relations with the Community. The Head of Mission has not yet been nominated.

ECONOMIC AND FINANCIAL AFFAIRS

15. Note on economic trends

COMMUNITY

| | | Nov. | Dec. | Jan. | Feb. | March |
|---|------------------------------|--------|--------|--------|--------|--------|
| Industrial production ⁽¹⁾ | 1959/60 | 114 | 115 | 116 | 117 | 117 |
| | 1958 = 100 1960/61 | 123 | 125 | 126 | 127 | 127 |
| Imports from non-members | | | | | | |
| countries, cif ⁽²⁾ | 1959/60 | 1 388 | 1 590 | 1 535 | 1 610 | 1 703 |
| | in millions of \$ 1960/61 | 1 641 | 1 846 | 1 659 | 1 546 | 1 825 |
| Export to non-member | | | | | | |
| countries, fob ⁽²⁾ | 1959/60 | 1 570 | 1 722 | 1 481 | 1 626 | 1 787 |
| | in millions of \$ 1960/61 | 1 662 | 1 876 | 1 493 | 1 574 | 1 810 |
| Trade balance ⁽²⁾ | 1959/60 | + 182 | + 132 | — 54 | + 16 | + 84 |
| | in millions of \$ 1960/61 | + 21 | + 30 | — 166 | + 28 | — 15 |
| Trade between member | | | | | | |
| countries ⁽³⁾ ⁽²⁾ | 1959/60 | 761 | 824 | 723 | 795 | 886 |
| | in millions of \$ 1960/61 | 882 | 904 | 837 | 881 | 1 063 |
| Gold and foreign exchange | | | | | | |
| reserves ⁽²⁾ ⁽⁴⁾ | 1959/60 | 11 423 | 11 555 | 11 453 | 11 584 | 11 860 |
| | in millions of \$ 1960/61 | 14 339 | 14 555 | 11 455 | 14 507 | 15 119 |

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.
(2) The German Mark and the Guilder were revalued by 5% at the beginning of March 1961.
(3) Calculated on the basis of imports.
(4) Amount held by the monetary authorities at end of month.

In March there was a further real advance in industrial production. All Community countries contributed to this development, including B.L.E.U. where industrial output had been hit by the strike at the beginning of the year. Whereas in the Federal Republic of Germany and in the Netherlands advances in production were to all intents and purposes only possible to the extent that production capacity increased, in France and Italy the expansion of industrial production may be put down to lively investments and speedier growth of demand from abroad.

There are signs that exports to non-member countries are picking up slightly, while the rate of growth in trade between Member States has risen even further. Because of the slower advance of imports from non-member countries, the deterioration of the Community's trade balance has been slowed down considerably.

Official gold and foreign exchange reserves, which had climbed in March mainly owing to the inflow of capital that followed currency revaluation in the Federal Republic of Germany and in the Netherlands, may have fallen somewhat in April, when Germany made considerable advance repayments of debts.

FEDERAL REPUBLIC OF GERMANY

| | | Dec. | Jan. | Feb. | March | April |
|--|--------------------|-------|-------|-------|-------|-------|
| Industrial production ⁽¹⁾ | 1959/60 | 116 | 117 | 118 | 118 | 119 |
| | 1958 = 100 1960/61 | 125 | 128 | 130 | 131 | . |
| Orders received | 1959/60 | 136 | 125 | 136 | 147 | 137 |
| | 1958 = 100 1960/61 | 142 | 142 | 136 | 154 | . |
| Number of unemployed in thousands | 1959/60 | 443.3 | 627.0 | 529.6 | 256.6 | 188.8 |
| | 1960/61 | 271.6 | 390.1 | 292.5 | 153.2 | 131.2 |
| Turnover in retail trade | 1959/60 | 162 | 95 | 92 | 107 | 116 |
| | 1958 = 100 1960/61 | 177 | 102 | 100 | 126 | (116) |
| Prices to consumers | 1959/60 | 102.1 | 102.1 | 101.9 | 101.9 | 102.4 |
| | 1958 = 100 1960/61 | 103.1 | 103.6 | 103.8 | 104.1 | 104.1 |
| Imports cif ⁽²⁾ in millions of \$ | 1959/60 | 921 | 742 | 778 | 873 | 817 |
| | 1960/61 | 1 001 | 830 | 761 | 916 | 910 |
| Exports fob ⁽²⁾ in millions of \$ | 1959/60 | 1 019 | 807 | 873 | 1 041 | 893 |
| | 1960/61 | 1 201 | 929 | 964 | 1 082 | 1 092 |
| Gold and foreign exchange reserves (net) ⁽³⁾ ⁽²⁾ in millions of \$ | 1959/60 | 4 355 | 4 261 | 4 339 | 4 539 | 4 800 |
| | 1960/61 | 6 582 | 6 531 | 6 588 | 6 983 | 6 405 |

- (1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations.
(2) On 6 March 1961 the German Mark was revalued by 5% (1\$.- = 4DM).
(3) Held by the Deutsche Bundesbank at the end of the month.

The outstanding features of economic developments in the Federal Republic after the revaluation continue to be an excess of total demand over effective supply, and exceptionally serious manpower shortages.

In April exports again expanded vigorously. The lively trend of investment continued in both the equipment and construction fields. Rapidly growing incomes are favouring the vigorous expansion of private consumption. Though the retail trade index in April did not exceed the previous year's level, this was due to statistical reasons and certain fortuitous influences.

Despite growing strain on the labour market — at the end of April the number of unemployed had fallen to only 0.6% of the total working population — industrial production in April again advanced strongly, its annual rate of increase being almost 8%. Imports, too, were appreciably up on the April 1960 level.

The rise in prices due to basic factors seems to have lost some of its momentum. The price index for industrial products and the cost-of-living index ceased to rise in April; nevertheless, they were about 2% above the corresponding level of the previous year. The surplus on the trade balance in April was more than twice as high as a year earlier. Despite high surpluses on the balance of services and a large influx of private capital, the gold and foreign exchange reserves of the Bundesbank fell by 578 million dollars during the month, the Federal Government having repaid to the USA and Great Britain before the due date almost 800 million dollars of post-war economic aid.

FRANCE

| | | Dec. | Jan. | Feb. | March | April |
|--|------------------------------|--------|--------|-------|--------|--------|
| Industrial production ⁽¹⁾ | 1959/60 | 111 | 112 | 110 | 109 | 110 |
| | 1958 = 100 1960/61 | 118 | 118 | 118 | 119 | . |
| Number of persons seeking employment ⁽²⁾ | 1959/60 | 148 | 144 | 138 | 132 | 130 |
| | in thousands 1960/61 | 125 | 123 | 120 | 112 | 108 |
| Turnover of large retail stores | 1959/60 | 202 | 127 | 82 | 124 | 120 |
| | 1958 = 100 1960/61 | 233 | 141 | 99 | 148 | . |
| Prices to consumers (Paris) | 1959/60 | 108.0 | 109.4 | 109.7 | 109.7 | 109.9 |
| | 1958 = 100 1960/61 | 111.9 | 112.0 | 112.0 | 112.0 | 112 |
| Imports cif | 1959/60 | 539 | 505 | 547 | 568 | 540 |
| | in millions of \$ 1960/61 | 616 | 485 | 527 | 652 | 577 |
| Exports fob | 1959/60 | 589 | 592 | 607 | 609 | 556 |
| | in millions of \$ 1960/61 | 612 | 543 | 557 | 679 | 563 |
| Trade balance (with foreign exchange areas) | 1959/60 | — 6.3 | + 11.3 | — 9.3 | — 12.6 | — 16.2 |
| | in millions of \$ 1960/61 | — 52.7 | + 17.6 | — 9.9 | — 6.1 | — 22.3 |
| Gold and foreign exchange reserves ⁽³⁾ | 1959/60 | 1 720 | 1 738 | 1 781 | 1 854 | 1 932 |
| | in millions of \$ 1960/61 | 2 070 | 2 143 | 2 235 | 2 398 | 2 472 |

(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.

Economic growth has continued in recent weeks.

The impression is gaining strength that from now on external demand will again be a somewhat more vigorous stimulus to the economy. The decline in exports during April was in any case to be expected after the exceptionally favourable March figures. Investment activity is definitely on the increase, as shown by the extremely brisk placing of new orders for machine-tools and other equipment goods. The growth of private consumption may have speeded up somewhat under the influence of rapidly growing incomes; retail trade turnover in any case was considerably up on the previous year.

Industrial production on the whole again rose slightly in March. Motor car production seems also to have shown more than merely seasonal improvement, for not only are the first signs of an increase in foreign sales discernible, but internal demand in particular is picking up vigorously. Licences for new cars were up by 20% in the first quarter over the previous year.

In April the main features of the labour market were a further increase in the offer of jobs and a continuous fall in unemployment. In several regions and sectors labour shortages probably became more serious.

Prices in April remained on the whole unchanged. The slight hardening in prices of industrial products was offset by falling food prices. The balance of payments continued to record large surpluses and official gold and foreign exchange reserves rose by 74 million dollars.

ITALY

| | | Nov. | Dec. | Jan. | Feb. | March |
|--|---------|-------|-------|-------|-------|---------------------|
| Industrial production ⁽¹⁾ | 1959/60 | 119 | 121 | 123 | 124 | 126 |
| 1958 = 100 | 1960/61 | 131 | 132 | 133 | 135 | 135 |
| Number of unemployed | 1959/60 | 1 632 | 1 774 | 1 870 | 1 805 | 1 710 |
| in thousands | 1960/61 | 1 472 | 1 608 | 1 718 | 1 604 | . |
| Internal trade turnover ⁽²⁾ | 1959/60 | 120 | 117 | 117 | 116 | 120 |
| 1958 = 100 | 1960/61 | 128 | 129 | 137 | 125 | 138 |
| Cost of living | 1959/60 | 101 | 101 | 102 | 102 | 101 |
| 1958 = 100 | 1960/61 | 103 | 103 | 104 | 104 | 104 |
| Imports cif | 1959/60 | 316 | 302 | 350 | 397 | 409 |
| in millions of \$ | 1960/61 | 407 | 411 | 422 | 413 | 468 |
| Exports fob | 1959/60 | 281 | 293 | 233 | 310 | 336 |
| in millions of \$ | 1960/61 | 295 | 324 | 285 | 318 | 367 |
| Official gold and foreign exchange reserves ⁽³⁾ | 1959/60 | 2 991 | 2 953 | 2 900 | 2 869 | 2 835 |
| in millions of \$ | 1960/61 | 3 057 | 3 080 | 2 972 | 2 928 | 2 936 |
| Yield on fixed - interest - bearing securities in % | 1959/60 | 5.45 | 5.47 | 5.34 | 5.23 | 5.32 ⁽⁴⁾ |
| | 1960/61 | 5.50 | 5.52 | 5.11 | 5.04 | 5.15 ⁽⁴⁾ |

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

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

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

(4) April 1960 and 1961: 5.28 and 5.13 respectively.

The impression that the beginning of the year had ushered in a higher rate of expansion has been reinforced, and demand from abroad has again proved an important driving force in this process.

In March exports were once more appreciably above the level of the previous year and their annual rate of growth was running at almost 10%. Further growth in the demand from abroad can be expected in the months ahead. Investment in plant by entrepreneurs remained very buoyant and housing construction was well above the level of the previous year in January and February (+ 22%). As a result of the favourable employment situation and greater pay increases, private consumption may also have speeded up somewhat.

In March industrial production expanded further and at the same time there was a fresh increase in imports, which were 16% above the corresponding month in the previous year.

By setting in motion the mechanism of sliding wage-scale agreements the rather more rapidly increasing cost of living led, in April and May, to increase in contractual wages in agriculture, industry, trade and transport. For the same reasons the salaries of civil servants are to be increased on 1 July.

The official gold and foreign exchanges reserves, which had fallen by 152 million dollars in January and February, picked up by 8 million dollars in March as a result of tourist spending and imports of capital.

NETHERLANDS

| | | Dec. | Jan. | Feb. | March | April |
|--|---------|-------|-------|-------|-------|-------|
| Industrial production ⁽¹⁾ | 1959/60 | 120 | 121 | 123 | 125 | 128 |
| 1958 = 100 | 1960/61 | 132 | 132 | 133 | 133 | . |
| Number of unemployed | 1959/60 | 88 | 92 | 81 | 61 | 51 |
| in thousands | 1960/61 | 54 | 63 | 52 | 38 | 32 |
| Retail sales | 1959/60 | 123 | 109 | 91 | 103 | 119 |
| 1958 = 100 | 1960/61 | 135 | 114 | 97 | . | . |
| Prices to consumers | 1959/60 | 103 | 103 | 103 | 103 | 104 |
| 1958 = 100 | 1960/61 | 103 | 104 | 104 | 103 | 103 |
| Imports, cif ⁽²⁾ | 1959/60 | 370 | 352 | 348 | 409 | 351 |
| in millions of \$ | 1960/61 | 407 | 441 | 370 | 483 | 400 |
| Exports, fob ⁽²⁾ | 1959/60 | 335 | 287 | 331 | 350 | 312 |
| in millions of \$ | 1960/61 | 359 | 353 | 319 | 402 | 330 |
| Trade balance ⁽²⁾ | 1959/60 | — 35 | — 65 | — 17 | — 50 | — 39 |
| in millions of \$ | 1960/61 | — 48 | — 88 | — 51 | — 81 | — 70 |
| Gold and foreign exchange reserves ⁽²⁾ ⁽³⁾ | 1959/60 | 1 329 | 1 337 | 1 354 | 1 376 | 1 374 |
| in millions of \$ | 1960/61 | 1 633 | 1 641 | 1 613 | 1 644 | 1 645 |

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

(2) On 6 March 1961 the Guilder was revalued by 5% (1\$ = 3.62 Fl.).

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

The excess of total demand over effective supply increased further in April. This led the Government to postpone the income tax reduction which had been announced.

Although demand from abroad continued very lively, actual exports in April were only 1% above the level of the previous year. The seasonal drop in exports between March and April was particularly noticeable this year. Against this, investment continued buoyant, particularly in building. Despite greater strictness on the part of the authorities dealing with applications, the number of building permits issued in March and April again went up considerably — by a good 30% — over the previous year. Private consumption also continued to grow.

While lack of labour and of production capacity acted as a brake on the expansion of industrial output, the rapid growth of imports continued unabated.

As a result of the steady expansion of the economy there was a further fall in the number of unemployed.

The unequal developments in imports and exports were reflected in a sharp increase in the deficit on the trade balance, which was \$ 120 million higher in the first four months than in the corresponding period of the previous year.

Despite the strain resulting from the imbalance between total demand and total supply, consumer prices eased slightly. The revaluation of the Guilder probably acted as a damper in this respect.

Despite the advance repayment of debts amounting to \$ 17 million, the official gold and foreign exchange reserves remained practically unchanged in April.

BELGIUM

| | | Dec. | Jan. | Fev. | March | April |
|---|--------------------|-------|-------|-------|-------|-------|
| Industrial production ⁽¹⁾ | 1959/60 | 107 | 108 | 109 | 110 | 111 |
| | 1958 = 100 1960/61 | 113 | . | . | . | . |
| Number of unemployed in thousands | 1959/60 | 132 | 147 | 138 | 126 | 115 |
| | 1960/61 | 115 | 128 | 122 | 106 | 93 |
| Number of non-residential buildings put in hand | 1959/60 | 430 | 286 | 290 | 492 | 492 |
| | 1960/61 | 403 | 317 | 457 | 521 | . |
| Turnover of large retail stores | 1959/60 | 143 | 97 | 95 | 108 | 115 |
| | 1958 = 100 1960/61 | 137 | 93 | 102 | 121 | . |
| Prices to consumers | 1959/60 | 102 | 102 | 102 | 102 | 101 |
| | 1958 = 100 1960/61 | 102 | 102 | 102 | 102 | 102 |
| Imports cif in millions of \$ | 1959/60 | 334 | 315 | 340 | 343 | 314 |
| | 1960/61 | 324 | 329 | 361 | 375 | . |
| Exports fob in millions of \$ | 1959/60 | 314 | 319 | 304 | 341 | 326 |
| | 1960/61 | 316 | 240 | 316 | 364 | . |
| Gold and foreign exchange reserves ⁽²⁾ in millions of \$ | 1959/60 | 1 198 | 1 216 | 1 240 | 1 256 | 1 277 |
| | 1960/61 | 1 189 | 1 166 | 1 142 | 1 158 | 1 089 |

(1) Index of the Statistical Office of the European Communities, adjusted for seasonal and fortuitous variations. According to the AGEFI index the annual growth rate in March and April was fully 5% or nearly 6%, compared with a decline of 3 1/2% in the first quarter as a whole.

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

Business developments in March were very lively. However, it is not yet possible to say whether the trend of the economy as a whole is again set for greater expansion.

By contrast with the first two months of the year, when the country was still more or less handicapped by strikes, exports in March were again up very strongly on the previous year (+ 7%). Exports of iron and steel, textiles and machinery showed a relatively favourable development. In April, however, exports again failed to exceed the level of April 1960. Investment by entrepreneurs seems to be rising;

in any case the number of industrial buildings put in hand in March was again above the corresponding month of the previous year. Private consumption continued to move forward at a leisurely pace and here the threat of an increase in turnover tax — actually imposed in May — probably played a part.

Industrial production may have expanded fairly strongly in March and April. Advances in production in the iron and steel, textiles, machinery and building materials industries were very appreciable. In March imports rose sharply, equipment goods and raw materials being particularly in demand.

Despite slightly rising prices for agricultural products, prices as a whole again remained stable in April.

LUXEMBOURG

| | | Dec. | Jan. | Feb. | March | April |
|---|--------------------|-------|-------|-------|-------|-------|
| Industrial production ⁽¹⁾ | 1959/60 | 112 | 113 | 114 | 114 | 114 |
| | 1958 = 100 1960/61 | 115 | 115 | 115 | 117 | . |
| Output of pig iron in thousands of tons | 1959/60 | 308 | 312 | 301 | 322 | 308 |
| | 1960/61 | 309 | 311 | 306 | 338 | 341 |
| Output of crude steel in thousands of tons | 1959/60 | 328 | 336 | 332 | 359 | 338 |
| | 1960/61 | 338 | 333 | 326 | 367 | 341 |
| Prices to consumers 1958 = 100 | 1959/60 | 101 | 101 | 101 | 100 | 100 |
| | 1960/61 | 102 | 102 | 101 | 101 | 101 |
| Short-term credit to firms and individuals | 1959/60 | 3 760 | 4 266 | 4 316 | 4 167 | 4 239 |
| | 1960/61 | 4 556 | 4 872 | 4 719 | 5 162 | . |

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

The economic expansion usual in March was particularly vigorous in the current year.

The export of iron and steel to the other Community countries increased in March and April, and at the end of the first quarter order books were considerably longer than at the same time in the previous year. But private consumption also expanded quickly with rising mass incomes: not only was there a vigorous increase in wages in the iron and steel industry, but the number of persons in employment was also up by 2% over the first months of 1960.

As expected, industrial production, which had been marking time, again showed a real advance, not least as a result of the vigorous spurt in the output of iron and steel in March. But the other branches of industry also succeeded in expanding output quite considerably.

In March and April the cost of living index remained stable. It is true that the revaluation of the DM and the Guilder made imports of household coal and other consumer goods dearer. By contrast, there was a seasonal easing in the prices of

certain foodstuffs. In addition, some of the consumer goods mentioned are not taken into consideration when calculating the cost-of-living index.

The Committee on Policy relating to Economic Trends

16. The Committee on Policy relating to Economic Trends met on 26 May under the chairmanship of Mr. Müller-Armack. ⁽¹⁾

Problems of energy policy

Inter-Executive Working Party on Energy

17. The Inter-Executive Working Party on Energy met on 9 May in Strasbourg to draw the lessons from the discussions of the special Council of Ministers on 7 March, and to decide on the line to be followed in its future work.

The EEC Commission's representatives at this meeting Mr. Marjolin and Mr. von der Groeben, and Mr. Caron, who has recently been appointed a member of the Working Party.

The Working Party discussed thoroughly the various co-ordination measures which shall be proposed, in the first stage, for adoption by the Governments. The ad hoc group was then instructed to study, in preparation for the next meeting of the Working Party, the opportunities for harmonizing commercial policy, the problems raised by the harmonization of the rules of competition and the extent to which the application of the safeguarding agreement is feasible.

Fixing the common external tariff for petroleum products

18. As is well known the common customs tariff rates for petroleum products included in List G have not yet been fixed, and the Governments were of the opinion that it was wiser to put off any decision in this field pending the elaboration of a common energy policy, in the context of which this issue could be settled.

The memorandum on the first measures to be taken for co-ordinating energy policies, drawn up by the Inter-Executive Working Party on Energy, stresses that it would be necessary to come to an agreement as quickly as possible on the duties to be charged on the refined products included in List G.

The first problem to be solved is that of nomenclature. A special panel comprising experts from the six countries held another meeting at the end of May. Although initially the proposals made seemed to differ fairly widely it was found possible to agree

⁽¹⁾ The decisions taken at this meeting are detailed in the Chapter entitled The "speed-up in the implementation of the Treaty".

on the adoption of a common method for most fuels. The delegations have been asked to submit proposals by the next meeting on the method to be used for distinguishing lubricating oils and lubricating preparations.

A survey of electricity prices in the Community

19. The Commission has decided to undertake a survey to compare electricity prices in the various socio-economic areas that make up the Community, and to analyse prevailing disparities between the various types of supply in each of these areas.

The lines on which the research is being conducted and the critical appraisal of its results are so technical in character and are on such a scale that the Commission has thought it necessary to call on a group of specialists in energy problems for this survey. The group will obtain information from those engaged in energy supply work and report on the present situation. Its work will be phased over six months.

THE SPEED-UP IN THE IMPLEMENTATION OF THE TREATY

20. On 15 May the Commission tabled in the Council a written communication on the speedier implementation of the Treaty in view of the economic trend. This communication has been the subject of a statement by the President of the Commission to the Council at its session of 29 and 30 May. It recalls that under Article 1 of the speed-up decision of 12 May, the Council is to decide before 30 June whether, in the light of the general economic situation, a further reduction of 10% will be possible on 31 December of this year.

The Commission's communication adds that recent years have confirmed, despite a very appreciable development of external trade, the increased independence of economic trends in the Community from those in non-member countries. The fairly rapid expansion of trade within the Community has quite definitely helped to keep the trend buoyant, and measures so far taken to establish the Common Market have certainly contributed to this development. Moreover, the closer economic interdependence achieved in the Community has tended to reduce divergences in the economic trend from one member country to another: in those countries where the more rapid progress of demand has engendered strain (the Netherlands and the Federal Republic of Germany) a larger share of this demand has been satisfied through recourse to goods and labour from the other member countries, where the level of activity was lower.

Economic expansion continued in all the Community countries during the early months of 1961 and has even gathered some momentum recently. It is true that demand from non-member countries has remained below the level of the preceding year. However, as early as March exports were seen to be picking up appreciably,

although figures as yet show no general recovery in world business, particularly in American business. But it would seem that in many non-member countries public confidence has improved so much that it has had a favourable influence on the development of orders. So far there has been no setback in the global exports of the Federal Republic of Germany or of the Netherlands, despite the revaluation of the Mark and the florin.

In the last few months private consumption also has been assuming growing importance as a factor in expansion. Already in 1960 the growth of incomes, particularly wages, had become appreciably more rapid in most member countries. By and large the upward trend in consumption expenditure continues.

Considering the vigour of economic expansion and the high level of employment, prices remained stable in the Community taken as a whole. However they have tended to harden somewhat in the Federal Republic of Germany because of the long-standing surplus in the current balance of payments, and in France as a result of growing social expenditure.

The favourable development of the economic trend early in 1961 and the tendencies which are now more clearly discernible for the whole of the year give grounds for thinking that the forecasts made at the beginning of the year will be confirmed in all the Member States. It is probable that the rate of growth in the Community's "national" product will reach at least 5% and that of industrial production a minimum of from 6 to 7%.

There is nothing to suggest that the economy will fare less well in the first months of 1962. It is likely that consumption will continue to forge ahead, even if rates of investment growth fall off a little. What must above all be expected for this period is a fresh and substantial increase in external demand, since there is every reason to reckon that the expected recovery in the United States will meanwhile be reflected in an expansion of world trade.

In view of these facts and figures and the prospects outlined above, the Commission feels that in all Member States an additional reduction of 10% in customs duties at the end of 1961 would help to sustain the favourable development of the economic trend and, through its stabilizing effect on prices, might well temper the strain apparent on the markets of certain Member States.

Again, in the Federal Republic of Germany and the Netherlands, such a measure would strengthen the influence of the revaluation of the Mark and Florin on imports from other member countries. In France it would fall in line with imports policy, the main feature of which is the reduction in customs duties carried out on 1 April 1961 in the light of the general economic situation.

Lastly, as experience in recent years has shown, the Community's economic expansion, along with the speed-up in the establishment of the Common Market, is calculated to give an appreciable boost to imports from non-member countries. The expansion

sion of intra-Community trade will also make its contribution to narrowing the disparities between the levels of economic activity in the various member countries. The conditions for the effective co-ordination of economic policies within the Community, and for a liberal commercial policy, will in this way be much enhanced.

21. The Committee on Policy relating to Economic Trends met on 26 May under the chairmanship of Mr. Müller-Armack and examined the general economic situation and the trend policies being followed by the different Member States. It studied in particular the question of whether, in the light of economic developments, a further 10% reduction in customs duties will be possible on 31 December 1961, and decided in favour of this reduction.

The Commission's conclusions on manpower problems in relation to the economic trend in the Community in 1961 had been referred to the Committee, which gave its support to the Commission's suggestion on this subject.

22. At a meeting on 23 and 24 May the Monetary Committee also studied — as far as the question is within its province — whether the general economic situation allows of a further reduction of 10% in customs duties being made on 31 December 1961, and informed the Council and the Commission of its affirmative opinion.

23. At the end of May the Commission addressed to the Council a progress report on the work of the Community Institutions in the agricultural sector.

In this report, the Commission announced that it would very shortly submit to the Council two draft regulations ⁽¹⁾ for the application of a levy system in the pigmeat and grain sectors; ⁽²⁾ and that it would prepare draft regulations on a levy system in the sugar, eggs and poultry sectors.

The Commission recalls that it has submitted to the Council a proposal for a first regulation to apply certain of these rules of competition to the production and trade in agricultural products (Article 42), and that it has also submitted the opinion formulated on 20 January 1961 by the European Parliament.

In the more special sphere of aids, the Commission states that it has embarked on the establishment of an inventory of existing aids, beginning with those in the meat and the fruit and vegetables sectors.

The Commission draws attention to the proposal on minimum prices it submitted to the Council and to the Parliament's resolution on the subject. It also mentions the Council's decision to ask each Member State to inform the Commission of how it considered objective criteria should be fixed in this field.

⁽¹⁾ The drafts were submitted on 31 May 1961.

⁽²⁾ The text of these regulations will be published as an annex to the next issue of the Bulletin in English.

Referring to trade, the Commission mentions the thorough examination it has carried out to check the application of Articles 33 and 45. In January 1961 it listed the products which are deemed to be subject to a market organization and which, for this reason, are covered by Article 45 of the Treaty and Article 7 (3) of the speed-up decision. These lists will be sent to the Member States within the next few days.

24. At its session of 29 and 30 May the Council, having examined the opinions expressed by the Monetary Committee and the Committee on Policy relating to Economic Trends, held a general discussion on both the business-cycle aspects and the general aspects of the decision called for.

It was apparent in this first exchange of views that certain delegations felt the decision to be "automatic" in nature (since according to Article 1 of the speed-up decision the Council is required to state whether economic development allow the speed-up to be carried a stage further). By contrast, other delegations were anxious that precise targets, to be attained in the near future, should be fixed in the field of social, agricultural and transport policy, and the speed-up measures in the field of tariffs examined in the same context as these targets.

At the end of its discussions, the Council instructed the Permanent Representatives to study the problems raised and to draft the texts that will serve as the basis of the decision the Council is required to take, pursuant to the decision of 12 May 1960, at its session of 3 and 4 July 1961.

THE INTERNAL MARKET

Tariff problems

The Commission's recommendations concerning the assessment of duties on packings imported filled and the definition of dutiable weight

25. Under Article 27 of the Treaty of Rome the Commission's staff has put an hand, in co-operation with the national administrations, certain studies on the establishment of harmonized and — in certain cases — uniform customs laws in the fields where common rules are necessary for the proper functioning of the Common Market. The uniform protection which the common external tariff is to ensure depends on the incidence of the duties on the prices of goods imported into the different Common Market countries being exactly equal, such incidence could vary widely if the customs rules for the calculation of duties on these goods were not sufficiently harmonized or unified as between the six Member States. This includes rules for deciding the customs value, fixing the date to be taken into account in applying duties or defining dutiable weight, rules on the customs treatment of packings imported filled, those affecting conditions for granting reliefs and tolerances, terms

and conditions for payment of duties, settlement of disputes, etc. Uniform protection in the Community will call for a set of homogeneous rules, adapted to the economy and to the structure of the common customs tariff.

Tariff treatment of packings imported filled

To facilitate the work of the customs staff, the laws of the Member States admitted the principle that packings imported filled should be subject to the same tariff system as the goods contained therein. However, this rule was applied by different procedures with exceptions of varying import in different countries.

Harmonization of arrangements in this field was necessary if the common customs tariff was to be applied uniformly, and if certain inequalities in customs charges in traffic between Member States were to be ironed out. Harmonization also had to take into account the protection to which Community packing manufacturers are entitled. The Commission's Recommendation establishes the principle of the assessment of duty on packing at the same rate as that chargeable for contents, save when the packing does not conform to the current type used for the goods in question and may have value for independent use. In this case it must be considered as merchandise distinct from the contents and is dutiable as a separate item.

This rule for assessment, conforming as it does to the provisions of the Brussels Convention on the valuation of goods for customs purposes which all the Member States have signed or adhered to, is designed to ease the burden on customs staff, who will not need to ascertain the real value of the packing — an operation which is frequently very troublesome since imported goods are usually invoiced packing included. The rule also favours Community packing manufacturers since the protection they expect from the common customs tariff is fully ensured thanks to the application to packings imported filled of the duties chargeable for the goods they contain : these duties are generally higher than the duties laid down for the packings empty.

• Recommendation on the definition of dutiable weight

26. Because the common customs tariff lays down that for certain products duties are to be assessed according to weight, either on a permanent basis or on specific occasions (products liable to an ad valorem duty combined with a minimum assessment based on the net weight or on the gross weight), the need was felt for a uniform definition of the concepts of "gross weight" and "net weight" in the application of the common tariff. The purpose of the Commission's recommendation is to provide all necessary details on these points.

Gross weight was defined as the total weight of goods and all their packings, no account being taken of arrangements existing in certain countries for additions of tare. As for net weight, the Commission singled out from the three definitions

obtaining in the Member States the one best fitted to ensure equal treatment for all importers. Net weight is defined as the weight of the goods as such without any packing.

In this way the method of packing, which varies according to the means of transport used, the distance covered and the quality of the goods, can have no influence on the assessment of duty.

For the headings in the common customs tariff for which assessment by weight has been laid down without further stipulations, assessment on the net weight was chosen in view of the nature of the product concerned. This solution was also the one most favourable to the importer.

Applications for tariff quotas

27. At its session of 29 and 30 May the Council examined two proposals from the Commission for the granting of tariff quotas under Article 25 (1).

a) An Italian application for aluminium oxide for the manufacture of synthetic rubber (ex. 28.20 A);

b) An application from the Federal Republic of Germany concerning worsted yarn of various qualities (ex 53.07 A).

Both these quotas (said to be "adaptation" quotas in the sense that they are intended to facilitate the technical and commercial adaptation of new supply sources, a process which takes some time)were proposed for a period of six months. At the request of Italy, the Council extended to one year the validity of the aluminium oxide quota and fixed the quantity proposed at 250 instead of 200 metric tons. Adopting a similar procedure, the Federal Republic of Germany requested the same extension for the tariff quota proposed in its favour. No agreement was reached by the Council on this request, which will be examined again by the Commission and the Member States. The Council will be informed, at its session of 12 June, of the results of this examination.

The Commission has also decided to propose to the Council, under Article 25 (1), that the quota for newsprint (48.01 A) granted to the Federal Republic of Germany be increased from 220,000 to 310,000 metric tons.

Lastly, the Commission approved the final versions of most of the decisions it had taken in December for the granting of tariff quotas under the various protocols annexed to the List G agreement.

This final drafting was done in conjunction with the revision of these quotas which had been granted only on a tentative basis.

Customs legislation

28. Continuing their examination of the problems raised by the movement of goods in the Common Market, the government experts and the Commission's staff have considered the difficulties pointed out to them by the delegations, in particular those concerning the processing traffic system and the existence of tariff quotas. The delegations reported on their experiences in the field of the application of customs agreements on transit through Switzerland.

With respect to the approximation of customs legislation, the group finalized the rules on assessment which should be applied in the Community for piecework carried out abroad. These rules will be dealt with in a recommendation from the Commission.

The group has also put the finishing touches to its work on the principles and methods to be applied for small non-commercial consignments. Here two systems have been devised : free entry or the payment of a lump sum. The Commission will make two recommendations concerning them.

Lastly, there has been a discussion of the problems raised by the existence of free entry provisions of all kinds in the national tariffs. The Commission's representatives have reported to the group on the line taken by the Legal Service on this question.

COMPETITION

Elimination of obstacles to trade

29. An inquiry is being carried out in co-operation with the Member States with the aim of preparing this year a programme of action to eliminate technical obstacles to trade, i.e. obstacles due to the disparities between the Member States' legislative and administrative provisions covering, among other things, the composition, conditioning, presentation and control of certain products. This inquiry does not concern those fields for which ad hoc working parties have already been set up (agriculture, pharmaceutical products, etc.). The results of the inquiry carried out some years ago by the Machinery Committee of the Organisation for European Economic Cooperation have been used in order to avoid overlapping.

The EEC Commission has asked the Member States to examine how far the information supplied to the OEEC concerning them still holds good, and has requested them to furnish fresh information if this is necessary.

Reciprocal recognition and execution of judicial decisions and decisions on insolvency

30. It will be recalled that two working parties had been set up at the meeting of experts held in January 1961. These have now completed the work entrusted to them. ⁽¹⁾

The working party on the law of execution has drawn up the preliminary draft of a uniform convention on the reciprocal recognition and execution of judicial decisions in civil and commercial matters. This draft suggests many new solutions calculated to improve legal protection in economic relations between Member States. It will be again examined later.

The second working party, on the law of insolvency, was instructed to enumerate the problems concerning international law on insolvency in the Common Market and to carry out a preliminary examination of them. The working party has made this summary on the basis of memoranda on the basic principles of their municipal insolvency laws prepared by the different governmental delegations. The summary also indicates for each particular point solutions which seem feasible.

The documents drawn up by the two sub-committees will serve as working instruments at the next meeting of governmental experts to be held from 12 to 17 June in Brussels.

Fiscal problems

Harmonization of turnover taxes

31. The Study Group B (set up by Working Party I on the harmonization of turnover taxes ⁽²⁾ and instructed to study the possibility of introducing into the six countries a single general tax levied at the stage prior to retail trading) is examining certain general problems which also bear on the harmonization systems under consideration in Study Groups A (abolition of physical controls at frontiers) and C (establishment of a single general tax at the production stage and of an added value tax).

At its sixth and seventh sessions, held on 14 April and 9 and 10 May, Study Group B carried out the following work : a study of the advisability of harmonizing taxes on the supply of services in conjunction with the systems of taxing deliveries of goods examined by Study Groups B and C; preparation of a general introduction to the report of the three Study Groups A, B and C (containing the examination of the main problems common to the different taxation systems studied); preparation and completion of the report on the work of Study Group B.

Study Group B is to meet again on 13 and 14 June.

⁽¹⁾ See Bulletin 2/61, Chapter III, sec. 16.

⁽²⁾ See Bulletins 2/61, Chapter III, sec. 12, and 4/60, Chapter II, sec. 44, in which the objectives of the various Working Parties are set out.

Italian measures on export drawbacks and countervailing charges on imports

32. The problem raised by the Italian Government's measures of September 1960 in the field of drawbacks on exports and countervailing charges on imports was again discussed at a meeting of the Ministers of Finance and of the Under-Secretaries of State for Finance of the six countries, which took place in Brussels on 8 May under the chairmanship of Mr. von der Groeben, a Member of the Commission.

Giving the reasons for which a conciliation agreement was desirable, Mr. von der Groeben at the same time detailed the proposals which, in his opinion, would make such an agreement acceptable.

If it were not possible to reach an agreement on the basis of these proposals, the Commission would have to resort to the procedure laid down in the second paragraph of Article 97, according to which the Commission may address appropriate directives or decisions to the Member States.

"Transmission" tax

33. The Belgian Government has applied to the Commission for its consent to an increase in the rates of the "transmission" tax on imports following the increase of the same tax within the country as part of the application of the statute known as the "loi unique". The Commission's examination was carried out by virtue of the agreement reached by the EEC Council of Ministers on 21 June 1960, according to which each Government was to consult the Commission before altering the rates of export drawbacks or of countervailing charges on imports.

Taking into account that an increase in the rate of the "transmission" tax on imports is, as a rule, proportional to the increase of the same tax within the country, the Commission made no objection to this measure.

SOCIAL AFFAIRS

The Regulation on the free movement of workers

34. At its session on 12 June the Council formally adopted (subject to final linguistic adjustments) the Regulation and the Directives relating to the first stage in the progressive establishment of the free movement of workers in the Community.

It will be recalled that the work of drafting this Regulation was carried out by the Commission between July 1959 and April 1960. The Commission, which had initiated a series of meetings of government experts and of representatives of both sides of industry in the six countries to work on the Regulation, approved the draft in June 1960, and submitted it to the Council which referred it to the European Parliament and to the Economic and Social Committee. The Parliament gave its opinion on 15 October and the Economic and Social Committee on 30 November 1960.

From 10 February 1960 until May 1961, the working party of the Council and the government experts examined the draft in the light of amendments contained in the opinions of the Parliament and of the Economic and Social Committee.

The Council began to examine the draft at its session of 30 May and adopted it on 12 June 1961.

In presenting the draft, the Commission took as a basis the provisions of Articles 48 and 49 of the Treaty, which state that free movement "involves the abolition of any discrimination based on nationality between workers of the Member States as regards employment, remuneration and other working conditions". Article 48 also lists the individual rights attached, subject to limitations justified by reasons of public order, public safety and public health, to the freedom of movement. It mentions the right to "accept offers of employment actually made", to "move about (...) freely within the territory of the Member States", to "stay in any Member States" and to "live (...) in the territory of a Member States after having been employed there".

The very wide field in which these rights may be exercised, extending as it does to all categories of wage-earners, is subject, however, to one exception — "employment in the public administration".

The draft approved by the Council on 12 June is valid for a first stage, fixed in principle at two years, during which the priority of the domestic employment market is taken into consideration. In the succeeding stage the principle of priority should become an exception so that, at the latest by the expiry of the transitional period, the clearing of employment vacancies and applications will be effected without discrimination throughout the Community.

a) The Regulation

Apart from the "Considerations", which recall the principles set out in Articles 48 and 49 of the Treaty and relate the Regulation to the social provisions of the Treaty, the draft comprises four parts.

Part I fixes the rules governing the introduction and employment of workers of a Member State wishing to take up gainful employment in another Community country, and stresses the equality of treatment that they are to enjoy. In this way any national of any Member State is entitled to take up gainful employment in the territory of another Member State if, within three weeks of notification of the vacancy, no suitable worker has been found on the regular employment market of the second Member State. An exception to this rule is that workers whom an employer has asked for by name through the appropriate employment services will automatically receive a work permit to fill a vacancy, if the job is one involving mutual trust or a business or trade relationship which has already lasted a given period. Again, a permit is automatically granted on request by name when there

is a family relationship (parent, son, daughter, brother, sister) between the employer and the applicant, or when a person wishing to fill a vacancy is closely related (parent, son or daughter) to a worker who has been employed by the enterprise for at least one year.

Moreover, workers enjoy parity of treatment for membership of trade unions and in voting rights to the workers' representative bodies in the enterprises. As for rights of eligibility to these representative bodies, the question of how far they can be granted in the second stage will be studied during the period the Regulation is in force.

Important provisions for the worker's family have been adopted. The spouse and children under 21 of a worker who is a national of one Member State and who is regularly employed within the territory of another Member State will be allowed to settle with him in the host country and have full legal right to take up employment there. Moreover, the Member States will favour the admission of any member of a family who is wholly or mainly dependent on the worker and lives under his roof.

Lastly, it has been laid down that the Member States shall submit quarterly reports to the Commission on the situation of the employment market; they will base their appraisal of this situation on the uniform criteria fixed by the Commission in agreement with the Member States.

Part II, which concerns the machinery for bringing together and clearing vacancies and applications for employment, deals with the role to be played by the employment services of the Member States and of the Commission and establishes rules of co-operation and common action between them, mainly in the collection, checking and dissemination of information on problems affecting the mobility of manpower.

Part III describes the organs which are to ensure close co-operation between the Member States and the Commission in the field of the free movement and the employment of workers.

With the purpose of associating the governmental and the appropriate industrial and trade circles in the application of the principles of the Treaty a Consultative Committee, comprising, on a tripartite basis, government representatives, trade union representatives and representatives of employers' organizations; and a Technical Committee with one governmental representative for each Member State represented in the Consultative Committee, have been set up. Their task is to assist the Commission to formulate reasoned opinions on the issues raised by the application of the Regulation and to propose amendments should the need arise.

Part IV contains the final provisions; in particular it lays down in Article 43 a provision indicating that when framing their employment policy the Member States will take account of the situation of the labour market in other Member

States, and will consequently endeavour to give priority, when vacancies are offered without the employer specifying an individual by name, to workers from those Member States which have a labour surplus in the particular skills required, before calling on workers from non-member countries.

On the question of procedure, this Article also stipulates that Member States' employment services which have been notified of employment vacancies without mention of the name of a specific worker are to indicate within 15 days whether and how far they can fill such vacancies. They will then supply within three weeks the nominal list of workers available.

Part IV also contains provisions concerning, *inter alia*, the maintenance of established rights, the transfer of wages and the introduction of a common list of diseases which could entitle a Member State to oppose the entry of a worker into its territory.

This last Part also lays down provisions forbidding the introduction by Member States of any new restrictions or discrimination and declares that the Commission will later submit a draft regulation concerning more especially seasonal and frontier workers.

Lastly, exceptions are laid down for the Grand Duchy of Luxembourg in view of the special situation of its labour market.

b) The Directives

The Directives on the procedural and administrative practices governing the introduction, employment and residence of the workers of one Member State and their families on other Member States of the Community deal, in a Preamble and ten Articles, with a set of measures making it possible to harmonize the administrative procedures and practices for the issue of passports or national identity cards, labour and residence permits and the abolition of entry visas. These measures do not affect restrictions justified by reasons of public order, though such restrictions may not be used for economic ends.

In this way it is ensured that any worker who wishes to leave his country will receive the identification papers necessary for his journey, that these will be valid for a sufficiently long period and that his entry into the territory of another Member State will be facilitated.

The Directives also lay down a number of rules with which the work permits must comply and recommend, lastly, that the renewal of these documents should be free of charge or that the charge made should not exceed the administrative expense incurred.

The application of Article 119

35. As had been agreed at their previous session, the Commission put before the Council a written statement concerning the instructions to be given to a working party entrusted with the task of studying the application of Article 119.

At its session of 12 June, the Council recorded its agreement with this statement.

Article 119 contains a formal obligation with which the Member States must comply before the end of the first stage of the Common Market. This obligation consists in the application of the, "principle of equal remuneration for equal work as between men and women workers".

Although Article 119 has been included in Chapter I (Social Provisions) of Title III of the Treaty, which deals with social policy, the scope of its provisions seems to be economic as well as social.

From these two points of view, the activities undertaken by the Directorate General for Social Affairs as part of the Commission's supervisory duties under Article 155 of the Treaty have two aims : first, to acquire the most accurate information possible on the present state of legislation in the six Community countries and on current legal practices, collective bargaining systems and actual conditions; second, to fix in detail the scope and limits of Article 119.

Since 1958 many contacts have been made, both with government experts and trade union experts, who have been asked to express their point of view on the significance of the provision contained in Article 119. The trade union experts have also agreed to help to throw light on the relationship between pay for women and for men in agreements reached by collective bargaining in the various countries.

Part of the work undertaken and carried out in this connection was brought to a conclusion with the recommendation of 20 July 1960, which the Commission addressed to the Governments of the member countries. The contents of the recommendation are based on the fundamental principle of Article 119, which stipulates the abolition of any discrimination in pay based on the sex of the worker.

The recommendation adds that equal pay for equal work must be applied to all the wage systems in force in the Community countries, at whatever level the wages may be fixed, whether it is a question of minimum wages fixed by law, or of systems of collective agreements under which wages are fixed by collective bargaining, or of wages which are fixed within the enterprise or individually. Whatever they may be, the criteria used in the various countries to decide on occupational grading must be applied impartially to men and women workers.

Under the terms of the recommendation, legislation for the protection of women must not be allowed to detract from the principle of equal pay for equal work even if the existence of such protection affects the general economic results of women

work and so leads to high production costs. Education, experience and any other qualifications required for a given post must be evaluated in the same way for women as for men.

The recommendation takes account of the decisions reached in the Council on the speedier attainment of the objectives of the Treaty of Rome, and in particular, of the Declaration of Intention in which the Council has affirmed its resolve to speed up the implementation of the social provisions as well, including equal pay for equal work. This recommendation suggests to the Member States the methods and measures to be adopted in order to ensure the exact observance of Article 119 of the Treaty.

The principle of equality is to be applied in both the public and the private sectors. In the private sector, the employers' and workers' organizations are considered as the bodies which should apply the principle when collective agreements are being worked out; in the public and semi-public services, the State is expected to take direct action to implement the principle.

At the moment of despatching the recommendation and also later, the Commission has requested the individual Governments to supply detailed information on the measures by which they are applying the principle contained in this provision of the Treaty. The Governments of the six countries have recently supplied much information on results obtained to date.

Apart from the information obtained through frequent contacts with Governments and with the workers' and employers' organizations of the six countries, the Commissions' staff has been preparing a large quantity of detailed documentary material which will illustrate as thoroughly as possible the present situation as regards equal pay in the member countries.

Amongst this material two documents (already completed) are particularly important : the first, handled by the Statistical Office of the European Communities, contains a study of the statistics of wages now being paid to men and women in the six Community countries; the second contains an examination of the legal guarantees in the various countries. From the legal angle, the countries of the Common Market may be divided into two distinct groups : in the first — France, Germany and Italy — the principle of equal pay is guaranteed by legal and constitutional provisions; in the second — the Benelux countries — there are as yet no legal guarantees that the principle shall be applied and its application is left to the initiative of those preparing collective agreements.

In agreement with the Council, the Commissions has recently set up a working party of governments experts and representatives of the Commission. Their task is to follow and study, in the light of the recommendation of 20 July 1960, of the work already carried out and of the available documentary material, the successive stages by which the principle of equality is implemented.

This special working party is to gather information on the various aspects of the application of Article 119 in the Member States. In particular it will have to examine the relevant material supplied by each Government.

When the report on the relationship between men's and women's wages written into collective agreements have been finished by the workers' and employers' associations to whom they have been entrusted in the various countries, the working party will complete the material so far available and will examine any forms of discrimination found to exist. The working party must also, if possible, fix the basis and methods for a specific statistical inquiry making it possible to gather comparable facts and figures on the application of Article 119 in the six countries.

The special working party will be helped by a group of experts on collective agreements, which the workers' and employers' organizations will be asked to set up, and, if necessary, by experts on statistics.

Social security

The Administrative Committee for the Social Security of Migrant Workers

36. At the invitation of the High Authority of ECSC, the Administrative Committee of EEC for the Social Security of Migrant Workers held its 25th meeting in Luxembourg on 25 and 26 May 1961. The session was opened by an address from Mr. Reynaud, a Member of the High Authority of ECSC.

The Administrative Committee examined the preliminary drafts of regulations concerning the social security of frontier and seasonal workers, as amended in the light of comments made at the 23rd meeting. It also prepared a report on these texts, to be submitted to the President of the Social Affairs Group.

In addition, the Administrative Committee decided on the particulars of an enquiry into the implementation of Regulations N° 3 and N° 4. The enquiry will deal both with long-term benefits (old age insurance, invalidity, surviving dependents) and with short-term benefits (sickness and maternity insurance, industrial accidents and diseases, family allowances, unemployment allowances).

The Administrative Committee also agreed the rules of procedure for the Auditing Committee as proposed by the latter.

Complementary social security systems

37. With the aim of preparing a study of the complementary social security systems which in each country supplement the legal benefits in varying degrees, two meetings had been held with the representatives of both sides of industry at the European level. ⁽¹⁾

(1) See Bulletin 3/61, Chapter 3, sec. 30.

In the course of these meetings the complementary systems had been defined and the plan of the study worked out. It was also agreed that the study would be carried through in six particular industrial sectors.

On 2, 3 and 4 May 1961, three successive meetings were held with the representatives of the employers and trade union organizations for the motor vehicle, printing and building sectors. The purpose of these meetings was to furnish all necessary details to the representatives of the trade organizations which are to draw up joint reports for each country and sector.

These reports will be submitted to the Commission's staff in the fourth quarter of 1961.

A study on the various aspects of social security in the six countries.

38. On 15 and 16 May 1961 the Commission's staff convened the experts who are preparing a study on the various aspects of social security in the Community countries at the outset of the Common Market; this study is intended to give an overall picture of all the systems in force in the six States.

There was a broad exchange of views on various chapters of the overall report, which will be amended to take account of the remarks of the national rapporteurs.

Prevention of industrial accidents

39. In conformity with the conclusions of the meeting on the prevention of industrial accidents ⁽¹⁾ held on 24 and 25 January 1961, the Commission has decided to begin its activities in this field by studies in the sectors suggested at that meeting. These include building and public works.

Before entrusting independent experts with this study in the field of building, the Commission deemed it advisable to organize a preparatory meeting to fix the order of priority of the problems to be examined, and the meeting was held in Brussels on 5 May 1961. It was attended by government experts and representatives of both sides of industry and of the institutes and bodies specializing in this field. It was proposed that the study to be undertaken should deal, in the first stage, with lifting gear, digging apparatus and electrical apparatus, and with the provision of information on accident prevention for migrant workers.

The work of harmonization will have to be based on thorough knowledge of the relevant laws in the member countries and it should be noted that building is one of the sectors in which the number of migrant workers is highest.

⁽¹⁾ See Bulletin 2/61, Chapter III, sec. 23.

Harmonization of social systems

40. A second meeting of the representatives of the two sides of industry to draw up a programme of the studies to be undertaken by the Commission under Articles 117 and 118 of the Treaty was held in Brussels on 8 May 1961 under the chairmanship of Mr. Levi Sandri, President of the Social Affairs Group. Representatives of ECSC were present. ⁽¹⁾

The discussion on the body problems relating to the implementation of Articles 117 and 118 of the Treaty revealed wide agreement on the advisability of granting priority to problems connected with social security, industrial protection for women and young people and collective labour relations. The possibility of initiating studies on the duration of the working week and on wages was also examined.

Occupational training

41. Meeting in Brussels on 26 May 1961 on the initiative of the Directorate-General of Social Affairs, representatives from the competent government departments in the six countries, from ECSC and from Euratom discussed a preliminary draft of the general principles on which a common occupational training policy should be founded.

This exchange of views dealt with the interpretation of Article 128 of the Treaty and with the substance of the proposals worked out by the Commission's staff for the application of this Article.

The representatives of the employers' and workers' organizations had already had an opportunity to express their opinion on these proposals in the course of earlier consultations.

Housing problems

42. A meeting of government experts was held in Brussels on 30 and 31 May 1961 to discuss problems of rural housing. It was organized by the Directorate-General of Social Affairs in collaboration with the Directorate-General of Agriculture.

After having stressed the difficulties of a statistical nature met with in the study of these questions, the experts briefly reviewed the main problems in connection with rural housing and measures in force or planned in the Community countries and, in particular, with the study of legislation concerning aid for the financing of rural dwellings.

AGRICULTURE

Common agricultural policy

43. On 31 May 1961, the Commission transmitted to the Council two draft regulations ⁽¹⁾ provided for a levy system and the gradual establishment of common market organizations in the grain and pigmeat sectors. With the transmission of these proposals to the Council an important stage has been reached in the working out and implementation of the common agricultural policy : the Council now has available the texts which are needed for it to decide on the first measures implementing the common policy in two key sectors of agriculture.

The Commission has worked out the two drafts on the basis of the general proposals on the common agricultural policy which it submitted to the Council on 30 June 1960 and with due regard to the discussions since that date in the Council and its Special Committee on Agriculture. The first result of these discussions was a resolution passed by the Council on 20 December 1960, dealing with the principles to be adopted as basis for a system of levies for a certain number of products, which were still to be decided on; in this resolution the Council requested the Commission to submit to it before 31 May 1961 proposals for grain and pigmeat.

According to the procedure laid down in Article 43 of the Treaty, the Council must consult the Parliament concerning the draft regulations proposed to it by the Commission. Parallel with this consultation, the Special Committee on Agriculture will examine the two drafts with a view to preparing the Council's decisions. In addition, the Commission has transmitted these drafts to the chairman of the Economic and Social Committee so that he may forward them for information to the Agricultural Section of this Committee. This section will thus have the opportunity of conveying to the Commission its point of view on the latter's proposals without a formal request for an opinion having been submitted. This procedure is in line with the provisions of the Treaty, in particular with Article 47.

Following discussions in the Special Committee on the common policy in the spheres of wine growing and of fruit and vegetables, the Commission has convened two meetings of government experts to continue the detailed study of its proposals.

The experts dealing with viticultural policy continued the study of the conditions and procedures under which France and Italy would open a quota of 150,000 hl of wines with controlled appellation. For fruit and vegetables the expert discussed the principles which would guide the application of the market stabilizing machinery and of standards for grading by quality.

(1) These Regulations will be published as an Annex to the next issue of the Bulletin.

Rules of competition in the agricultural sector

44. There was a further meeting of the working party set up by the Special Committee to examine the proposal regulation by which certain rules of competition would be applied, under Article 42 of the Treaty, to the production and trade in agricultural products. The main business was to study the scope of the concept of market organization and of the exceptions called for if the aims of the common agricultural policy as they figure in Article 39 of the Treaty are to be achieved. The working party also examined certain other provisions of the draft regulation, particularly those relating to dumping and to the powers which the Commission would exercise in implementing the regulation.

Trade in agricultural products

45. The Commission has examined the situation of trade in the various agricultural products covered by market organizations on one or other member country. It has examined in what way Article 45 of the Treaty (long-term contracts) or Article 7 (3) of the acceleration decision (import possibilities to be granted pending the conclusion of long-term contracts) could be applied to each of these products.

The Commission has informed the Member States of its conclusions and will collaborate with them in a detailed examination of the problems raised by the widening of trade for each of the products in question.

TRANSPORT

The memorandum on the general lines of the common transport policy

46. The memorandum showing the lines on which the common transport policy is to be based, which was transmitted to the Council on 28 April 1961, is to be the subject of a preliminary discussion at the meeting of the Council of Ministers on 26 June 1961. ⁽¹⁾

Great importance will be attached to the first discussion, which will doubtless be the occasion for the Council to determine the procedure it intends to follow in examining the Commission's memorandum and in implementing the common policy.

The Council meeting of 26 June 1961 will be entirely devoted to transport matters. In addition to the preliminary discussion of the memorandum on the common transport policy, which will be the main item on its agenda, the Council will have before it a draft decision on the preliminary study of state action in the transport

⁽¹⁾ This memorandum will be analyzed in the next issue of the Bulletin.

field. This draft decision appears as the first step in the consultation procedure proposed by the Commission in its memorandum on the implementation of the common policy.

In addition, the Council will be informed of the progress of work on the implementation of Regulation No. 11 and of Article 80 of the Treaty.

Lastly, a statement on the problems arising from the growing use of pipe-lines will be laid before the Commission.

47. The new Consultative Committee on Transport

Chairman : Mr. Corbin

Vice Chairman : Mr. Vrebos

GERMANY

a) *Senior Officials :*

Members :

Mr. Stoltenhoff
Dr. Gocht

Alternates :

Dr. Hausmann
Dr. Vosgerau

b) *Experts :*

Mr. Samtleben
Mr. Geiger
Mr. Dix

Mr. Oppermann
Dr. Heimes
Mr. Seibert

BELGIUM

a) *Senior Officials :*

Members :

Mr. Vrebos
Mr. François

Alternates :

Mr. Neuville
Mr. Poppe

b) *Experts :*

Mr. Devreux
Mr. Peeters
Mr. Verhulst

Mr. Creten
Mr. Boulanger
Mr. Charlier

FRANCE

a) *Senior Officials :*

Members :

Mr. Corbin
Mr. Dalga

Alternates :

Mr. Gabarra
Mr. Giroud

b) *Experts :*

Mr. Lacoste
Mr. Leblanc
Mr. Bernheim

Mr. Butet
Mr. Felge
Mr. Bonet-Maury

ITALY

a) *Senior Officials :*

Members :

Dr. Santoni
Mr. Morganti

Alternates :

Dr. Flore
Dr. Gallo

b) *Experts :*

Dr. Santoro
Mr. Bernieri
Mr. Frascchetti

Dr. Tosti di Cremoni
Mr. Bonelli
Dr. Roselli

LUXEMBOURG

a) *Senior Officials :*

Members :

Mr. Logelin
Mr. Clemang

Alternates :

Mr. Hamer
Mr. Wehenkel

b) *Experts :*

Mr. Arnold
Mr. Marson
Mr. Weidig

Mr. Jung
Mr. Leurs
Mr. Oestges

NETHERLANDS

a) *Senior Officials :*

Members :

Mr. Vonk
Mr. Wansink

Alternates :

Mr. Zwanenburg
Mr. Leopold

b) *Experts :*

Mr. Elshout
Mr. Verbeek
Mr. Koppens

Mr. Van Gunsteren
Mr. Vis
Mr. Brak

The meeting of the Consultative Committee on Transport

48. The Committee of experts met at the request of the Commission on 17 and 18 May 1961.

At its first session the Committee re-elected its officers and chose Mr. Corbin (French government expert) to be chairman and Mr. Vrebos (Belgian government expert) as vice-chairman. The posts had been previously occupied by Mr. Vrebos and Mr. Dorges respectively.

The Committee began consideration of the Commission's basic memorandum on the introduction of freedom of establishment for transport and ancillary enterprises within the EEC.

The volume of business on hand led the Committee to arrange a further meeting for the end of June.

In the course of this meeting the Committee will study certain problems arising from the working out of common rules for international transport in implementation of Article 75 (1).

This meeting of the Consultative Committee on Transport will study any corrections to the document on the introduction of freedom of establishment which have been sent in by the national experts. It will also finalize the Committee's report to the Commission on questions that have been raised in connection with the right of establishment, and it will appoint study groups to examine questions from the Commission concerning the implementation of the provisions of Article 75 (1a).

Abolition of discrimination

49. It is the duty of the Commission and the Governments of the Member States to draw up the necessary instructions for the implementation of Regulation N° 11. The consultations with government experts during recent months for the purpose

of ensuring the greatest possible uniformity in these instructions throughout the Community have now been concluded.

It is planned to finalize the implementing instructions at an early date, using the form of a recommendation and an explanatory letter.

Implementation of Article 80

50. The studies concerning the application of the provisions of Article 80 have been continued. Certain problems, particularly in the field of unpublished transport rates, have been the subject of bilateral discussions with the Governments. It is planned to carry out the final discussions jointly with representatives from the Governments of all the Member States.

Determination of infrastructure costs

51. The sub-committee on infrastructure costs set up on 22 March 1961 by the Committee of government experts instructed to help the Commission in the study of transport costs, held its first meeting on 24 and 25 May 1961 in Brussels.

The business of the meeting was to examine the basic document on the study of the determination of infrastructure costs prepared by the Directorate-General of Transport. The experts expressed their agreement with the general plan of the study which is to be carried out in gradual stages and by a procedure which includes the establishment of specialized working parties for each type of transport. They also agreed on a certain number of principles and methods for the first stage of the study on the determination of the total cost of infrastructure.

The results of the discussion appear in a report adopted by the sub-committee at the end of its meeting. This will be submitted for approval to the Committee whose coming meeting was fixed for 11 and 12 July next.

DEVELOPMENT AID

Technical assistance for developing countries

52. The Technical Assistance Group for the developing countries, which has been meeting periodically in Brussels since the end of 1960, held its fourth session on 17 May 1961. The group includes experts from the Member States and representatives of EEC, who exchange information and study common problems.

One of the most interesting on the agenda was the study of a joint scheme for dealing with rinderpest in the Lake Chad basin submitted by the Commission. This scheme was worked out at the meeting called in Kano (Northern Nigeria)

by the Commission for technical co-operation in Africa South of the Sahara (CCTA). Observers from FAO, ICA (International Co-operation Administration) and the European Economic Community were present.

The programme is estimated to cost 2,5 million dollars, spread over three years. It presents the peculiarity that it concerns portions of the territory of four African States, three of them associated with EEC (Niger, Cameroun, Chad) and one a member of the Commonwealth (Nigeria). It is therefore a scheme for inter-African co-operation, whose political interest would not be negligible in the event of EEC taking part. The group will examine this scheme again at its next meeting, which is fixed for 30 June 1961.

Activities of DAG

53. The next meeting of the Development Assistance Group will take place on 11, 12 and 13 July in Tokyo. Its purpose will be to study the factors which could stimulate private investment in the developing countries. A preparatory meeting is to take place in Paris on 20 June.

Active participation of EEC in the world campaign against hunger

54. The Commission's staff have studied the details of possible co-operation between EEC and FAO in connection with European Development Fund projects which could fit into the framework of the world campaign against hunger. It may be estimated that at the end of April 1961 more than 20% of the Fund's commitments (30 out of 148 million dollars) were directed to the struggle against hunger in the associated overseas countries. Exploratory contacts are at present being made in Rome with a view to negotiations with FAO. These negotiations should make it possible to announce at the next general conference of FAO in November 1961 that EEC is taking part in the world campaign against hunger.

Meeting between the members of the Group for the co-ordination of policy on credit insurance, guarantees and financial credits and the Banking Federation of the EEC

55. As agreed in the co-ordinating Group, a meeting at unofficial level between members of the Group and representatives of the Banking Federation of the EEC took place on 16 May 1961.

On the basis of a survey carried out by the Federation, there was an exchange of views on the problems involved in the possible increase in the part played by banks in financing long-term credits to the developing countries.

The discussion turned in particular on the problem of state guarantees for financial credits and on possibilities of co-operation between the commercial banks and the European Investment Bank in carrying out important projects. All present stressed the importance of such discussions, and expressed the wish that collaboration between the Banking Federation of EEC and the Group for the co-ordination of policy should be strengthened.

Commission on International Commodity Trade

56. The Commission was represented at the 9th session of the Commission on International Commodity Trade which took place from 1 to 12 May 1961. The main question on the agenda was the study of the financial measures to compensate fluctuations of the export income of countries producing basic products. A report on this subject drawn up by a group of experts appointed by the Secretary-General of the United Nations following a decision of the General Assembly was examined. The report contains a proposal that a development insurance fund be established.

The majority of the delegates did not give a final opinion but emphasized the need to continue studies on this matter and pointed to certain special problems which seemed to them to be of particular import. These will be studied by the Governments of the Member States of EEC and the solutions proposed will later be co-ordinated in the Council by the experts from the various countries.

Co-ordinating Committee on Commodities

57. The Co-ordinating Committee on Commodities met on 15 May. After an exchange of views on the FAO campaign against hunger, it examined a document on the meeting of the Cocoa Study in Accra in which the Group expressed its agreement with the importance attached to the structural problem and recognized the need to suggest for the coming negotiations a solution which took the problem fully into account.

The Committee also studied a memorandum setting out the British attitude in the matter of stabilization of commodities and analyzing the EEC preferences vis-à-vis the associated countries.

OVERSEAS DEVELOPMENT

Meeting between the representatives of the Associated Overseas States and the Permanent Representatives of the Council of Ministers

58. In conformity with the decision of the Council at its meeting of 2 and 3 May, the first meeting between the representatives of the associated overseas States

and the Permanent Representatives of the Member States of EEC was held on 1, 2 and 3 June 1961 in Brussels under the chairmanship of Ambassador J. van der Meulen (Belgium); the meeting was attended by representatives from the EEC Commission and observers from the Euratom Commission and the High Authority of ECSC.

The delegations of the associated overseas States were led by MM. Kuoh Moukoury, Ambassador of the Republic of Cameroun in Paris,

Joseph Mamadou, Representative of the Central African Republic in Paris,
Philippe Bikoumou, Representative of the Republic of Congo (Brazzaville) in Paris,
Ernest Kashemwa, Director General in the Ministry for Foreign Affairs of the Republic of Congo (Léopoldville),

Gaston Fiankan, Ambassador, Representative of the Republic of Ivory Coast with EEC,

Marcel Dadjo, Ambassador of Dahomey in Bonn,

Georges Damas, Ambassador, Representative of the Republic of Gaboon with EEC,

Antoine Yameogo, Minister of Economics of the Republic of Upper Volta,

Albert Rakoto-Ratsimamanga, Representative of the Malagasy Republic in Paris,

Hanacire N'Doure, Minister of Commerce in the Republic of Mali,

Mamadou Touré, Ambassador, Representative of the Islamic Republic of Mauritania with EEC,

Amadou Seydou, Ambassador, Representative of the Republic of Niger with EEC,

Dijme Momar Gueye, Ambassador, Representative of the Republic of Senegal with EEC,

Sheik Mohammed Hassan, Ambassador, Representative of the Somali Republic with EEC,

Djibrine Kherallah, Minister of Finance and of the Plan in the Republic of Chad,

Hoachim Hunlede, Ambassador, Representative of the Republic of Togo with EEC.

Each of the Member States' delegations was led by its Permanent Representative to the European Economic Community.

In his opening speech, Mr. Van der Meulen said, "Was it not one of the first acts of your Governments to affirm, either explicitly or implicitly, their determination to maintain relations with the Community? Now the Community is asking you to speak to your Governments on its behalf, to convey to them our gratitude for this token of their friendship, and also to tell them how sincere is the pleasure we in the Community feel at the accession to independence of the States you represent.

Moreover, it was with the aim of taking this independence fully into account that the Community recognized immediately and unhesitatingly the need for an institutional adjustment of the association relationships laid down by the Treaty of Rome.

Nevertheless, when it proposed these practical adjustments to your Governments, the Council of Ministers of EEC was not attempting to mark out a definitive institutional framework for our association relationships.

In fact, the Community is of the opinion that such a framework can only be established by common agreement following the contacts which we are going to establish today.

I would like to point to the fact that, as you know, this co-operation has already begun on the parliamentary level in the meeting of Members of the European Parliament with members of your legislative assemblies.

It was therefore a pleasure for the Community to be able to note that your Governments have agreed to the adjustment of the association system which it proposed on a transitional basis and until further order, so that questions which involve the interests of the associated states could be handled with their participation. Thus it welcomed the request received at the end of last year from the three associated states of Ivory Coast, Congo (Brazzaville) and Dahomey for a meeting at ministerial level within our Community and your Governments."

In the name of the associated states, M. Djim Momar Guye, Ambassador of Senegal made a brief statement from which the following are excerpts : "The accession to independence of the associated states certainly makes it necessary to adjust the institutional links existing between them and the Member States."

"The quest for ever wider forms of co-operation, both in Africa and in Europe, certainly raises delicate problems, but the African States and Madagascar are convinced that it will be possible to find just solutions without impairing necessary links of solidarity.

"It is my ardent wish that our meetings may produce sufficiently effective decisions to resolve the problems of underdevelopment. History will then remember that you in Europe and we in Africa rendered a great service to humanity and to universal co-operation".

At this first meeting to prepare the one at ministerial level planned for the autumn of 1961, the representatives of the associated states and the members of the Committee of Permanent Representatives confronted, in an atmosphere of confidence and mutual understanding, their views on the following questions :

- a) Special acceleration of the pace of implementation of the Treaty of Rome in favour of certain products from the associated states;
- b) Stabilization of the exports incomes of the associated states;

- c) Organization of markets in favour of certain products from the associated states;
- d) Tariff, quota or other measures which could be taken by the associated states to meet the needs of their industrial development;
- e) Procedure to be agreed upon to ensure that the associated states are consulted on the opening of any tariff quotas or changes in customs duties in the common external tariff relating to their products;
- f) Internal consumer taxes in force in the Member States of the Community;
- g) Activities of the European Economic Community likely to interest the associated states.

The representatives of the Commission made a considerable contribution to these studies which will be continued at a new meeting at ambassadorial level fixed for 11 and 12 July 1961.

Those taking part in this meeting expressed their satisfaction at the excellent atmosphere in which the work was done and at the unanimous determination to hammer out, in full respect for the sovereignty of the participants, solutions for the new procedures of association with the overseas territories. ⁽¹⁾.

Trade

Quota and tariff problems in the setting of the association with the overseas countries and territories

59. At the initiative of the Commission there was an informatory meeting on 30 May between representatives of the associated countries in the franc area (Cameroun, Central African Republic, Congo, Ivory Coast, Dahomey, Madagascar, Mauritania, Niger, Senegal and Chad ⁽²⁾) and the experts of the Member States, to study the problems arising from the application of Article 133 of the Treaty and Articles 10, 11 and 12 of the Implementing Convention.

This meeting followed those arranged in 1958 and 1959 between the governmental experts of the six Member States to prepare the application of the provisions of the Treaty of Rome on this matter. The accession of the associated states to independence made it necessary to examine these problems in a wider context in order to adapt, where necessary, the implementing provisions initially agreed.

⁽¹⁾ See Chapter "Institutions and Organs — The Parliament" for an account of the meeting of the Liaison Committee for the preparation of the conference of the European Parliament with African and Malagasy parliamentarians. P. 64.

⁽²⁾ Although they announced their intention of participating, Upper Volta and Mali were not present. Togo did not send a representative.

60. With the Strasbourg Conference in view, detailed statistics of trade between Europe and Africa were drawn up. These dealt with the trade of the associated countries and territories and EEC with non-member countries and the main exports of the associated countries in relation to their overall exports and from the angle of their share in the imports of the member countries. Lastly, a study which was quite as general as the others dealt with trade between the African countries themselves.

This material will make it possible shortly to edit a brochure for each overseas country and each group of overseas countries comparing all their trade figures.

In May the Directorate for Trade took part in drawing up the draft of a standard convention which is to permit the use of Development Fund availabilities for loans to stabilize export incomes of the overseas countries and territories. At the same time the Directorate will continue to supervise the work which INRA (European Institute for Agricultural Research) is contributing to a general study of the coffee, cocoa and banana markets in the EEC States.

This draft convention lays down how the level of prices at which the stabilization of incomes comes into play will be established, the quantities and qualities of products to which these measures will apply, procedures for payment and repayment, and the supervision to be exercised over the operations of the local stabilization bodies.

Student symposia

61. Two symposia were organized by the Commission in May. For this first time, a group of 25 African women and also a group of African students, some French and some English-speaking, met in Brussels on 23 and 24 May 1961.

The stay of the 25 African women who are following civic and social training courses at the Institut des Hautes Etudes d'Outre-mer in Paris was part of a fact-finding trip on the social situation of European women. The group was interested by various achievements in the social field in Belgium and the Netherlands.

European Development Fund

62. In May the Commission approved the financing by the European Development Fund of the following seven social projects :

In the Malagasy Republic

63. The construction of a secondary school for classical and modern studies at Antsirabé, with a provisional commitment of 96,500,000 frs. CFA (about 391,000 units of account).

The district of Antsirabé is one of the most thickly populated in Madagascar; it is situated in an area which is a centre of attraction for surrounding districts with a total population of 270,000 inhabitants, including 40,000 children of school age. The proportion of children at school is fairly high, but almost all attend primary schools since few facilities are available for secondary education.

Strengthening and raising of the protective dyke at Tananarive, with a provisional commitment of 400 million frs. CFA (about 1,620,000 units of account).

Tananarive, capital of the Malagasy Republic, is expanding vigorously and immediate measures are needed to ensure rational conditions for development and to allow of the implementation of an effective housing policy.

The present direction of urban expansion is towards the west and north on the right bank of the Ikopa. However, there are serious difficulties in improving this quarter, which already contains about 20% of the capital's population, because of the frequency of heavy flooding from the river. The project will remedy this situation by diverting the flood waters onto the left bank, which is occupied by rice-fields and where there are no dwellings.

In the Republic of Chad

64. The second instalment of a programme for building hospital facilities with a provisional commitment of 463,500,000 frs. CFA (about 1,878,000 units of account).

The project is for the extension of the hospital and of the polyclinic at Fort Lamy and of the hospital at Moundou.

The two towns of Fort Lamy and Moundou are the largest in the Republic of Chad and are situated in the most thickly populated area of the country. The buildings financed by the European Development Fund will contain about 550 beds.

In the Republic of Somalia

65. The Commission has decided to grant a complementary commitment authorization for 200,000 units of account to the investment project for the construction of Mogadiscio hospital. The definitive commitment has thus risen to 2,150,000 units of account.

In the Department of Guadeloupe

66. The installation and extension of systems for supplying drinking water, with a provisional commitment of 369,000,000 old French francs (about 747,000 units of account).

The chronic scarcity of water has serious consequences on both the social and economic planes in Guadeloupe. The project financed by the Fund is for the impro-

vement of the water supply system at Pointe-à-Pitre, and for laying of supply pipes to Saint-François.

In the Department of Martinique

67. Three new networks to supply drinking water, with a provisional commitment of 1,255,000,000 old French francs (about 2,542,000 units of account).

The problem of water supply in Martinique is a very important aspect of the island's efforts towards economic and social development. A variety of work has already been done, but the unequal rainfall throughout the year is a serious drawback calling for remedial measures. The project to be financed by the European Development Fund concerns nine communes on the north-east and north-west coasts of the island, with a highly concentrated population of about 55,000 inhabitants (density reaches 400 inhabitants per square kilometre in places).

In the Territory of Comores

68. The construction of two infirmaries, with a provisional commitment of 59,100,000 frs. CFA (about 240,000 units of account).

The project meets the need to improve public health activities in the Archipelago. The two infirmaries, which each include a dispensary, a 30-bed hospital ward, and quarters for the necessary services, will be at Mutsu in the island of Mayotte and at Fomboni on Mohéli island.

The construction of a domestic science school at Mutsamudu with a provisional commitment of 65 million frs. CFA (about 263,000 units of account).

Since education for girls is poorly developed in the Comores, the local authorities have planned the establishment of a school specially suited to fill this gap. It will include boarding facilities for 60 girls and will be situated at Mutsamudu, the largest urban centre of the island of Anjouan and second port of the Archipelago.

69. During the same month, the Council, on the proposal of the Commission, approved the financing by the European Development Fund of the following projects of an economic nature :

In the Central African Republic

1) Development of stock-breeding in non-pastoral villages, with a provisional commitment of 154,500,000 frs. CFA (about 626,000 units of account).

The purpose of the project, which is part of the three-year development plan established by the stock-breeding services of the Central African Republic, is to convert to mixed farming — crops and stock-breeding — sections of the population now

**OPERATIONS
OF THE EUROPEAN DEVELOPMENT FUND**

Financing approved - situation on 31 May 1961

(in thousands of units of account)

| Countries or territories | Number of projects | Total amount |
|--------------------------|--------------------|--------------|
| Congo (Leopoldville) | 8 | 9,384 |
| Ruanda-Urundi | 8 | 1,931 |
| Total | 16 | 11,315 |
| Cameroun | 8 | 7,322 |
| Central African Republic | 10 | 4,368 |
| Comores | 5 | 2,114 |
| Congo (Brazzaville) | 5 | 6,009 |
| Ivory Coast | 10 | 17,495 |
| French Somali Coast | 1 | 742 |
| Dahomey | 9 | 5,646 |
| Gaboon | 5 | 5,070 |
| Upper Volta | 9 | 11,683 |
| Madagascar | 17 | 15,735 |
| 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 | 10 | 8,040 |
| Réunion | 3 | 1,682 |
| Groups of States | 1 | 2,010 |
| Total | 129 | 129,782 |
| Somali Republic | 1 | 2,150 |
| Netherlands New Guinea | 6 | 12,487 |
| Total | 152 | 155,734 |

engaged solely in crop farming by introducing livestock capable of resisting trypanosomiasis into areas where there are no cattle.

The project provides for the purchase and the distribution in rural areas of about 3,700 heads of cattle of the Baoule, Zebu and N-Dama strains.

2) Construction of animal health centres and check-points, with a provisional commitment of 91,435,000 frs. CFA (about 370,000 units of account).

The purpose of this project is to provide efficient health protection for the stock by setting up six check-points for the supervision of cattle imported from Chad, the Sudan and Cameroun, and four animal health centres in the areas where grazing has recently been introduced, particularly in those where the density of livestock is high.

In the Territory of Comores

The asphaltting of the main road, with a provisional commitment of 280 million frs. CFA (about 1,146,000 units of account).

The road network in the Comores at present consists of about 1,200 km of roads or tracks. However, the state of the network is unsatisfactory owing to the excessively sharp gradients, which make it necessary to reduce useful transport loads, and to the bad state of repair of the roads.

The aim of the project is to improve this situation by covering the cost of the work and materials necessary for the repair and asphaltting of the Itsandra-Mitsmiouli road on Grande Comore Island and the Ouani-Domoni road Anjouan Island. The total length of road involved is about 62 km and the work will include the improvement both of the layout of the road and of its section.

ADMINISTRATIVE AFFAIRS

Changes in the staff of the Commission ⁽¹⁾

70. In May 1961 the following appointments were made by the Commission

Mr. L. Lambert, Chief Executive Assistant to Mr. Levi Sandri;

Mr. M. Mari, Deputy Executive Assistant to Mr. Levi Sandri;

Mr. J. Dousset, Assistant to the Director General for Transport;

Mr. H. Camman, Head of the Division for multilateral association in the Directorate for the Association of non-member countries of the Directorate-General of External Relations;

⁽¹⁾ See Bulletin 5-61 for the organization of the Commission.

Mr. J. d'Elbreil, Head of the Division for contacts with other international organizations and matters concerning maritime and air transport in the General Affairs Directorate of the Directorate-General for Transport; Secretariat of the Consultative Committee on Transport;

Mr. P. Erba, Head of the Division for national accounts in the General Statistics Directorate of the Statistical Office;

Mr. R. Georgen, Head of the Division for the study of prime costs in each type of transport in the Tariffs Directorate of the Directorate-General for Transport;

Mr. M. Mesnage, Head of the Division for external trade in the Trade and Transport Directorate of the Statistical Office;

Mr. C. Pietra, Head of the Division for the co-ordination of economic and monetary policies in the Directorate-General for Monetary Matters of the Directorate-General for Economic and Financial Affairs;

Mr. P. Rho, Head of the Division for general matters in the General Affairs Directorate of the Directorate-General for Transport;

Mr. F. Talamo Atenolfi, Head of the Division for fish and tinned goods in the Agricultural Markets Directorate of the Directorate-General for Agriculture;

Mr. E. Vitorelli, Head of the Division for economic development and the consequent demand for transport in the General Affairs Directorate of the Directorate-General for Transport.

In addition, Mr. G. Zampaglione, formerly deputy executive assistant to the Italian Minister for Foreign Affairs, has just taken up his duties as Director of General Affairs at the Secretariat of the Council of the European Communities, in place of Mr. Bolasco, who has resigned.

II. Institutions and Organs

A. THE PARLIAMENT

The European Parliament met in plenary session from 8 to 10 May 1961.

Opening the meeting, President Furler informed the Parliament of the resignation of Mr. Bertrand, who has been appointed Minister of Communications in the Belgian Government, and of Mme. de Riemacker-Legot, who is the new Secretary of the Belgian House of Representatives. The President congratulated them both on behalf of the Parliament.

On 8 May Mr. Malvestiti, President of the High Authority, presented the Ninth General Report on the activities of the European Coal and Steel Community.

The following day was devoted to the political, economic and social aspects of the association of the overseas countries and territories and in particular to the statement of Mr. Lemaigen, a Member of the Commission, on the economic objective of the African programme planned by the EEC Commission.

In his introductory remarks Mr. Furler emphasized the importance of this discussion and the positive aspects of the meeting recently held in Bonn by the Liaison Committee dealing with preparations for the Euro-African Parliamentary Conference.

Mr. Kapteyn, Mr. Geiger and Mr. Peyrefitte submitted a report on the political, economic and social aspects of association drawn up by the third parliamentary study and information mission which, early in the year, visited eight of the countries associated with the European Community.

Mr. Kapteyns ⁽¹⁾ report dealt with the political aspects of association and in particular analyzed the political and economic impact on Africa of EEC preferences. The rapporteur stated: "We must devise, create and organize forms of co-operation adapted to our own situation. The international co-operation of which we hear so much can only be effective if it is supported, at a lower level, by regional co-operation organizations. In our opinion these organizations must be constituted on the basis of given areas."

Mr. Geiger ⁽²⁾ submitted a report on the economic aspects of the association. It recalled that the aim of economic co-operation between the European Community and the associated states was to raise the living standard of the population of these states by increasing their economic potential, and noted that the existence of a preferential system is insufficient for this purpose. The report further emphasizes

⁽¹⁾ Netherlands-Socialist Group.

⁽²⁾ German — Christian-Democrat group.

that the extension of the European Development Fund and the maintenance of the systems of price stabilization for raw materials are also desirable.

Mr. Alain Peyrefitte ⁽¹⁾ submitted a report on the social aspects of the association of EEC and the countries visited. The way to solve the social problems was to improve social equipment and education simultaneously with progress in the economy.

Mr. Peyrefitte particularly emphasized that it would be idle to expect any social advancement of the African population unless considerable help were made available to enable Africa to develop. From this angle the action of the European Development Fund had a deeply human, not to say a moral character, the speaker concluded.

Mr. Carcassonne ⁽²⁾ commented on the measures to speed up the action of the European Development Fund. In particular, he suggested that the Community should delegate to Africa and Madagascar several quasipermanent missions with the task of collaborating with the associated States in preparing projects. Other proposals for reform concern a closer association of technical inspectors with the preparation of projects and speedier provision of information for the enterprises concerned.

In the course of the ensuing debate, Mr. Armengaud ⁽³⁾ emphasized the need to stabilize the overseas countries' income from exports and underlined that this is the form of aid best suited to their requirements. In this respect the disparities between the policies applied by the six countries were too wide, a particular obstacle being the opposition of those in control of raw materials markets. The speaker added that, instead of being guided by purely commercial considerations, the Europe of the Six should plan its raw materials purchases in the overseas countries in such a way as to achieve genuine preference in Euro-African trade.

Speaking in the name of the Socialist group, Mr. Dehousse ⁽⁴⁾ associated himself with the ideas expressed by Mr. Armengaud and advocated a statute for private and public investment in the developing countries.

Mr. Pedini ⁽⁵⁾ and Mr. Metzger ⁽⁶⁾ stressed the responsibilities of Europe in Africa and in the other continents.

When his turn came to speak, Mr. Lemaigen, who is responsible for overseas questions within the Commission, informed the Parliament of the Commission's initial conclusions with regard to the renewal of the association.

(1) French — Liberal group.

(2) French — Socialist group.

(3) French — Liberal group.

(4) Belgian — Socialist group.

(5) Italian — Christian-Democrat group.

(6) German — Socialist group.

Mr. Lemaigen began by emphasizing the role of the Executive, which is "to assemble the material which will be needed by the governments of the member countries and of the associated States to fashion the new association system." Dealing first with the impact on relations between EEC and the associated countries of the establishment of the Common Market, Mr. Lemaigen recalled that the preferential systems applied by three of the Member States vis-à-vis the associated states was consumers in the European countries about 70 million dollars annually. This situation will disappear as the Common Market is progressively established. Since it is not possible simply to transpose the present protection onto the Community level, a system will have to be studied to compensate the effects of the introduction of the Common Market for the overseas countries. A possible line of approach would be to examine how far the customs and tariff protection for tropical products provided for in the Treaty could be reduced and replaced by a system which would give the associated States advantages and adequate guarantees (guaranteed minimum prices for producers, etc.).

As regards oleaginous plants, the Commission considers that what is most important is to guarantee overseas producers at least the price levels they enjoy at present. The coffee duty in the common customs tariff could be lowered by 16 to 18%, and various techniques applied to compensate producers. These might consist either in budgetary grants by the Member States or in a levy on all coffee imported into the Community; such levies or grants would make it possible to ensure for producers a certain regularity of income. As for taxes to the consumer on tropical products, the Commission has decided to invite the Member States to abolish these progressively.

The Commission considers that the Member States should enjoy most-favoured-nation treatment vis-à-vis the associated States.

In the field of financial co-operation, conversion funds should be provided for and this aid could be obtained from a common production fund supplied both by the member countries and the associated states and managed jointly.

Mr. Lemaigen also dealt with technical co-operation : this will have to be of longer duration than strictly commercial help, and the European Development Fund must be used to extend its operations in this field whilst it is, at the same time, transforming itself. Although grants may seem necessary in certain cases, a fair ratio should be established between grants and loans and the latter should be made under liberal conditions. Guarantees for private investment need to be studied. The resources of the European Development Fund could be used in part to establish a guarantee fund. The global volume of the aid planned may be estimated at 250 to 300 million dollars, commercial compensation representing an annual charge of 70 million dollars, while help in building up the economies will require about 50 million dollars. The average amount to be supplied annually by the Fund may be estimated at 150 million.

The Parliament unanimously adopted the following resolution proposed by Mr. Scheel ⁽¹⁾ on the problems of the association of the overseas countries and territories :

“The European Parliament

Recalling its resolutions of 27 November 1959 and 24 November 1960 and reaffirming its principles;

Realizing the need to make constructive efforts to set co-operation with the African countries and Madagascar on a new footing;

Notes that the complete independence and the sovereignty to which the African States and Madagascar have acceded demand that all co-operation between these states and the European Community should respect this independence and sovereignty;

Considers that permanent representation of the African States and Madagascar with the Institutions of the European Community, and of the European Community with the African States and Madagascar, seems to be indispensable for good and efficient co-operation;

Emphasizes that the association must not constitute an exclusive club, but must aim at widening the framework of co-operation between Europe and Africa while respecting common rights and obligations;

Draws the attention of the Commission and of the Council of EEC to the crucial importance of transforming the Development Fund with a view to making its action more rapid and efficacious;

Believes that the European Community must contribute, in harmony with the intentions of the Governments of the African countries and Madagascar, to diversifying and enlarging the economic structures of these countries;

Affirms that co-operation between Europe and Africa must allow of the intensification of inter-African co-operation.

Is of the opinion that the association of the European Community and the African countries and Madagascar must facilitate and encourage in this spirit the creation of African international markets and of trade between all the African countries and Madagascar;

Recalls that the Community must bring to bear all the means at its disposal to contribute to an improvement in the living conditions of the peoples of the associated countries;

(1) German — Liberal and Allied group.

Desires that the financial aid of the Community be channelled in future more towards the occupational and technical training of supervisory personnel in the associated countries;

Expresses the wish that the Community engage more actively in a policy of educational aid;

Requests once more that the possibility of extending the financial help of the Community to the operational costs of social services be studied;

Emphasizes that all the problems relating to co-operation between Africa, Madagascar and Europe — including those mentioned above — will be the subject of joint discussions at the conference between the European Parliament and the independent and sovereign states of Africa and Madagascar to be held in Strasbourg from 19 to 24 June”.

At the close of its deliberations, the Parliament made a solemn declaration expressing its regret that the adjournment of the summit meeting, which was to have taken place on 19 May, had deprived this debate of much of its interest. Mr. Plevin had previously submitted to the Parliament the text of a “declaration” (which does not call for a vote) by the Political Committee and it was decided to postpone the planned debate for a coming meeting. The text of the declaration is as follows :

“The Political Committee of the European Parliament expresses its deep regret that, at the very moment when the perils threatening Europe and peace are growing and when the political unity of Europe is an obvious and urgent necessity, the conference of the six Ministers has had to adjourn until a distant and unspecified date the European summit meeting planned for 19 May in Bonn.

The Political Committee hopes that public opinion will be given the opportunity to judge the reasons for this adjournment. The Committee calls on the six Governments to tighten by closer co-operation, the bonds that unite them in the European Communities”.

The next meeting of the Parliament was fixed for 26 June 1961.

Liaison Committee for the preparation of the Conference of the European Parliament with African and Malagasy parliamentarians

A Liaison Committee with the task of continuing preparations for the conference to be held from 19 to 34 June 1961 in Strasbourg was set up by the preparatory meeting held in Rome from 24 to 26 January last. ⁽¹⁾ This Committee handles both the material to be discussed and the general organization of the Conference.

It met again from 3 to 5 May in Bonn under the chairmanship of Mr. Furler, President of the Parliament, assisted by Mr. Lamine Gueye (Senegal), Mr. Haji Basher Ismail (Somalia), Mr. Battaglia (Italy) and Mr. Rubinacci (Italy).

Five working documents were provided for the members of the Committee.

- a) General introduction (conditions and aims of the association) (Mr. Scheel)
- b) Political and institutional problems (Mr. van der Goes van Naters)
- c) Problems of technical assistance and of cultural exchanges (Mr. Pedini)
- d) Problems of economic co-operation (Mr. Duvieusart)
- e) Problems of the Development Fund and its management (Mr. Peyrefitte)

Among other things it was decided that these documents will serve as a basis for the discussions at the Strasbourg conference.

Mr. Lemaigen gave the Liaison Committee details of the lines on which the Commission is continuing its studies. ⁽¹⁾ He emphasized that the work to be accomplished must be mutual, since the Africans were more competent than the Europeans when it was a question of guiding production. He added that, in the opinion of the Commission, the association occupied a priority position, although the existence of other developing countries was not forgotten. In the Dillon negotiations in GATT, he declared, the Community could neither commit itself nor speak on behalf of the African States without knowing their point of view.

Programme of the Conference

The Conference is to open in Strasbourg on Monday, 19 June 1961 at 3.30 p.m.

On 19 June after the opening speech the "rapporteurs" will present their memoranda.

On 20 June the discussion reserved in principle for political and institutional questions will take place.

On 21 June, morning and afternoon, discussion of the economic problems and possibly the first meeting of the joint ad hoc committees.

On 22 June, morning and afternoon, discussion of the problems relating to the European Development Fund.

On 23 June, the morning will be given up to meetings of the ad hoc committees which will work out "recommendations". In the afternoon there will be a discussion of questions of technical aid and cultural co-operation.

On 24 June, in the morning, the proposed recommendations will be introduced by the speakers designated by the ad hoc committee and voting will take place on them.

The conference is due to close at noon on 24 June.

⁽¹⁾ See above.

B. THE COUNCIL

Special session on 19 May

In conformity with its decision of 3 March last, the Council met in special session on 19 May, under the chairmanship of Mr. Paul-Henri Spaak, Deputy Prime Minister and Minister for Foreign Affairs of Belgium, to discuss the Association Agreement with Greece.

The projected agreement solved all the questions which gave rise to difficulties in the previous Council meetings, since certain reservations made by governments were withdrawn and declarations of interpretation were noted in the minutes to be dealt with in bilateral protocols.

Mr. Rey was invited to inform the Greek delegation and to obtain its opinion on the interpretations agreed upon. He will report to the Council at its meeting of 29 and 30 May 1961.

Session of 29 and 30 May 1961

The Council held its 47th session on 29 and 30 May 1961 under the chairmanship of Mr. Paul-Henri Spaak, Deputy Prime Minister and Minister for Foreign Affairs of Belgium, and of Mr. Henri Fayat, Deputy Minister for Foreign Affairs of Belgium.

The following points were dealt with :

Association Agreement with Greece : The Council studied the report in which the Commission set out the results of its contacts with the Greek delegation on 26 and 27 May. It was found possible to reach a large measure of agreement on outstanding questions, particularly the protocol concerning tobacco imports, the Preamble to the Agreement, the procedures to be adopted to apply the Agreement, the procedure concerning signature and the final conclusion. The Council also confirmed the decision it took at the sessions of 2 and 3 May on the official texts (in the four Community languages and Greek).

Netherlands Antilles : The Council held a preliminary discussion on a proposal submitted by the Commission for the association of the Netherlands Antilles with the Community.

At the end of the discussion, the Council instructed the Permanent Representatives to study the problem on the basis of the Commission's proposal and of the views expressed during the Council meeting and to report to it for its next session.

Common customs tariff : The Council decided to grant a duty-free tariff quota to the Italian Republic for Aluminium oxide from tariff heading 28.20 A for the manufact-

ure of synthetic rubber. The amount involved is 250 metric tons and the quota is valid for the period 1 January to 31 December 1961.

The Council instructed the experts to re-examine, at a meeting to be organized on 7 June by the Commission's services, the Commission's proposal for the granting of a tariff quota to the Federal Republic of Germany for worsted yarn from tariff heading 53.07 A.

Acceleration : Opening the discussion, the President of the Commission emphasized that the decision to be made by the Council before 30 June 1961 is not a decision of principle on a new acceleration, but is complementary to that taken on 12 May 1960.

(It will be recalled that under Article 1 of the acceleration decision of 12 May 1960, the Council must decide whether, in view of economic developments, a further reduction of 10% will be possible on 31 December 1961 in addition to the reduction of 10% in customs duties to be made on the same date in conformity with Article 14 of the Treaty).

On the basis of two communications from the Commission concerning the general economic situation and the state of progress of work in the agricultural sector, and after examining the opinions expressed by the Monetary Committee and the Committee on Policy relating to Economic Trends, the Council discussed both the Business-cycle aspects and the general aspects of the decision called for. In the course of this discussion certain delegations emphasized the "automatic" nature of this decision.

At the end of its deliberations, the Council instructed the Permanent Representatives to study the problems brought up and to prepare texts which will serve as a basis for the decision which the Council is called upon to take, under the decision of 12 May 1960, at its session of 3 and 4 July next.

Free movement of workers : The Council examined the draft regulation and directives on the free movement of workers within the Community proposed by the EEC Commission.

The Council was able to note its agreement on three points : that concerning the families of migrant workers (Articles 11 and 15); the definition of workers who are to be automatically authorized to take up a vacancy (Article 2); the common policy on employment (Article 29 and point No. 8 of the motivation of the draft regulation). The other points will be discussed at the session of 12 June.

Application of Article 119 : The Council had a first exchange of views on the question of the application of Article 119 of the Treaty concerning equal remuneration as between men and women workers.

It was agreed that the Commission would submit to next Council session a precise proposal for a mandate to be given to working parties.

Tropical products : The Council has instructed the Permanent Representatives to prepare a reply to the memorandum from the United Kingdom concerning the arrangements to be made for tropical products. The Council emphasized that it has difficulty in adopting a position before defining the future relations between the EEC and the overseas countries and territories and that the negotiations with the United Kingdom furthermore constitute a whole which cannot be dealt with piecemeal in advance.

Schedule of work : The Councils agreed to meet on 12 June 1961 with the participation of the Ministers of Finance and of Labour. The following points will appear on the agenda :

- 1) The free movement of workers;
- 2) Equality of remuneration as between men and women workers (Article 119);
- 3) The association of the Netherlands Antilles;
- 4) The problem of the merging of the Executives;
- 5) The establishment of the provisional estimates of the Council's expenses;
- 6) The problem of stabilizing income from exports in the overseas countries and territories;
- 7) Problems concerning wrapper leaf for cigars.

C. MONETARY COMMITTEE

Article IV of the first directive for the implementation of Article 67 of the Treaty lays down that the Monetary Committee shall study each year the restrictions remaining on capital movements with a view to determining which of them could be abolished. At its meeting of 23 and 24 May the Committee undertook this annual examination.

It studied, as far as the question is within its province, whether in view of economic developments a further reduction of 10% in customs duties is possible on 31 December 1961 and informed the Council and the Commission of its favourable opinion.

This opinion notes that the measures proposed by the Commission should have only a very slight incidence on the balance-of-payments situation within the Community, but points out that the main balance-of-payments problems occur in relations with the non-member countries. The Committee nevertheless considers that in so far as it is competent in the matter it can give an affirmative answer to the question. As part of its studies on the instrument of monetary policy at the disposal of Member States, the Committee has examined the means of influencing liquidity available to the authorities of Belgium and Luxembourg.

In addition, the Committee is continuing its work on the problem of international liquidity. The group of experts instructed by the Committee to study this problem met on 25 May 1961.

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