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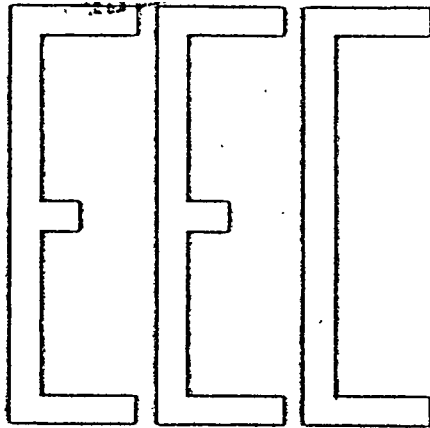
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I. Statement made by the President of the Council of the Community before the World Conference on Trade and Development

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[...]

This United Nations Conference has been convoked because there is a general feeling that we are coming to a point which calls for a bold yet prudent choice of the road to be followed.

Immediately after the Second World War a great decision was taken. This was the decision that we should endeavour to emerge from bilateralism and place trade once again on a multilateral footing. The report of our distinguished Secretary General rightly emphasizes the importance of this undertaking. With bilateralism the small countries which have only restricted markets and few products on which to negotiate are in a weak position in relation to the larger economic units.

The General Agreement on Tariffs and Trade, which was worked out during the preparatory studies for the Havana Charter, has played a particularly useful role in this important field of liberalization and expansion of trade. The organization grouping the Contracting Parties to this agreement has succeeded in exercising constant, gradual and firm pressure to bring down tariffs and reduce quantitative obstacles. [...]

The activity of the Contracting Parties has therefore made it possible on the one hand to construct an organization which is efficient, flexible and dynamic, and on the other to build up a store of valuable experience and a body of provisions which form a common law for world trade. The Community is convinced that this organization, with its fund of acquired experience, will be a valuable instrument when it comes to giving practical application to the resolutions and general lines of approach worked out by our Conference.

While recognizing how fruitful and useful the effort made since 1947 has been, we realize that the industrialized countries have reaped most of the benefits from these developments; it should however be noted that these benefits did not accrue to them without great exertions on their part. [...]

In his report the Secretary General appears to see a certain opposition between what has been done hitherto and the new pattern which will have to be found for trade and international relations. We are not convinced that this opposition is real. We think rather that the new pattern will simply be the logical consequence and complement of the old.

It would be dangerous to reject offhand what has been done so far on the ground that it is inadequate. In fact, without firm bases in the past there is a great risk, in the last analysis, of falling back instead of advancing. Such bases no doubt need improving and expanding if a growing number of countries is to be provided with the resources needed for their further development.

We must therefore endeavour to recast trade in a way which will be more helpful to the developing countries. However, the important point is to ensure that international trade increases the resources available to all countries in the world.

By a process of acceleration this increase will in its turn contribute to the development of international trade. This is what has happened in the Community itself, where internal economic expansion has increased overall imports so far that the Community figure is the highest in the world.

In particular the Community has stepped up its imports from the developing countries much faster than most other countries. Between 1957 and 1963 its imports rose from \$7 119 million to nearly \$9 000 million, an increase of about 25%. The Community has thus become the leading client of the developing countries.

Looking at the Community's imports from another angle, I would like to emphasize that in 1961 they represented 4.55% of its gross product, a percentage which is among the highest in the world.

Finally, Western Europe is the region of the world which imports most from the developing countries, since total Community and EFTA purchases from these countries in 1963 were worth about \$15 000 million. The Member States of the Community cannot but observe that in absolute figures the industrialized state-trading countries are very far from having made a comparable effort as regards imports from the developing countries. If they were prepared to make the same effort as we do, the problems of development could be brought nearer to an early solution.

The statistics which I have just quoted offer precise facts in place of empty words. These facts however do not lead the Community to consider that it has done enough. Quite the contrary: the Community appreciates the anxiety of the developing countries to see their problems handled in a positive manner. We are therefore prepared to join in fresh efforts, concerted on the widest plane, and with all countries participating.

The Community is aware of the fact that because of the trend of prices the developing countries have not always enjoyed the full benefit of the increase in the volume of their exports. Consequently the Community, as it has already stated at other meetings, is favourable in principle to stabilization of the prices of primary products at a level sufficiently remunerative for the producing countries. If all the countries at this Conference could agree on this principle, that would be an important step in the right direction.

Any stabilization has obvious limits. In the first place, care must be taken not to provoke over-production, as this would destroy the very support it is desired to provide. Secondly, we must not allow ourselves to neglect the vital problem of diversifying production, since for quite a number of developing countries this is far more important. Finally, we must be careful not to encourage the use of substitute products, although technical progress, with its ineluctable consequences, obliges us to see this problem realistically.

As a result of these considerations in particular, the Community is prepared to play an active part in the search for appropriate means of achieving the stabilization of raw materials prices which the developing countries desire.

In the preparatory work for our Conference there was much talk of the progressive reduction of customs duties and of other measures applying to imports of primary products. The Community has already expressed elsewhere its opinion that free access to markets was only one means among others of approaching our general and overriding purpose, which is to increase the amounts earned by the developing countries from their exports.

This does not in any way mean that the Community is neither able nor prepared to take measures in this field. In 1963 it spontaneously suspended the full amount of the duties on products such as tea and tropical hardwoods, which are of importance for the economy of certain developing countries. The implementation of the Yaoundé Convention will go hand in hand with the reduction — amounting to 40% in certain cases — of the duties applicable under the Common Tariff to a number of products, among them coffee, cocoa and bananas. In concluding these mutual arrangements the Member States of the Community, the seventeen associated African States and Madagascar were seeking to reconcile their interests with those of the developing countries .

[...]

Like the developing countries, the Community believes that the problem of manufactures is an important one that calls for a serious effort. It is evident that a substantial increase of the foreign exchange resources of the developing countries will depend increasingly on the diversification of their exports; in other words, to the sales of primary products must be added sales of manufactures. At the present time we note that in most cases the developing countries do not succeed in introducing their manufactured products or having them accepted abroad, whilst in other cases the introduction of certain manufactured articles on foreign markets has been rendered possible only by exploiting the price factor. Neither situation is satisfactory: in the first case because trade has not been established, in the second because exports at exceptionally low prices satisfy neither the exporting countries, which are obliged to keep their workers' wages at an extremely low level, nor the importing countries, which risk disruption of their home markets.

The solutions that must be sought for the various problems, which range from the introduction of products to access to markets, will have to be based on co-operation between industrialized and developing countries. In particular we may be led to seek some relaxation of the most-favoured-nation rule in the interest of the less advanced countries. Many suggestions have been made on this point, including temporary, degressive and selective preferences.

The Community will co-operate actively in the search for balanced solutions which could help to expand exports of manufactured products from the developing countries and so contribute to their industrialization.

Another important point which the Conference will be called upon to study is the development of intra-regional trade. Here again many ideas have been canvassed. There has been talk of easing the rules of Article XXIV of the General Agreement on Tariffs and Trade so as to facilitate the establishment of customs unions and free trade areas between developing countries, of the reciprocal granting of preferences between these countries, and of the establishment of payments arrangements similar to those which functioned between the countries of Western Europe in the recent past.

The Community has examined these questions. It is convinced that regional co-operation based on sound economic principles could offer many advantages: it attracts foreign investment, facilitates the rational use of natural resources and ensures enterprises a sufficiently wide market to make economic production possible.

What is done in this field will be useful provided the approach is multilateral and avoids introducing disorder into international trade or perpetuating existing privileges. Our aim must be to plant the seed of diversification and rationalization from which economic expansion can spring.

In this connection the Community is at a loss to understand the systematic and dogmatic criticisms sometimes levelled at the principle of its association with various developing nations. The essential justification for such association is to be found in the benefits it brings to these nations. [...]

II. Regulation and directive on free movement of workers - second stage

After obtaining the opinion of the European Parliament and of the Economic and Social Committee, the Council has approved in the four Community languages the regulation and directive on the free movement of workers in the Community. These measures were the subject of Commission proposals on 5 October 1962 and they will come into force on 1 May 1964, replacing Regulation No. 15, which has been in operation since 1 September 1961, and the directive of 16 August 1961.

The legal basis

The provisions are based in part on Article 48 of the Treaty, which lays down that the free movement of workers must be achieved at latest by the end of the transitional period, in part on Article 52 of Regulation No. 15, requiring the Commission to submit to the Council, by 30 September 1962, proposals for a regulation on the liberalization measures to be applied in a second stage.

These rules, which are a very appreciable advance on Regulation No. 15 and the directive of 16 August 1961, do not yet represent the final measures for the full attainment of the aims of Article 48 of the Treaty. Account must be taken of Article 49, which provides that free movement is to be introduced progressively, thus avoiding risks of imbalance within the Community. New rules will therefore have to be substituted for the present ones in 1968 in order to attain the objectives of the Treaty.

Measures adopted for the second stage

A. Main points

Unlike Regulation No. 15, the regulation now adopted applies to all wage-earners and not merely to permanent workers. It covers frontier workers and seasonal workers, to whom Regulation No. 15 did not apply and who will forthwith be accorded the same rights as other workers in the second stage. These rules apply moreover to wage-earners accompanying a person supplying services or supplying such services on his behalf. Liberalization measures for these workers were necessary to give full effect to the directives approved by the Council on 18 December 1961 as part of the general programme for the abolition of restrictions on the free supply of services.

Regulation No. 15 laid down that subject to certain adjustments and exceptions, the employment of nationals of other Member States would, in the first stage, be conditional on the national labour market situation, which continued to have priority. The present regulation abolishes this priority, subject, however, to certain reservations: the Member States can maintain or even re-introduce priority in those regions and trades where there is surplus manpower.

Any such action must be reported to the Commission and justified by the Member State concerned, and the right to take such action continues to be subject to the exceptions and limitations shown in Regulation No. 15: exception in the case of individual offers based on reasons connected with the professional specialization, the confidential nature of the offered employment, on former links or on the family links specified in the regulation.

In these cases the labour permit has to be issued. If a Member State re-introduces the priority of the national labour market in a certain profession or in a certain part of its territory, this priority is limited in that, at the end of 15 days, needed to look for suitable workers on the national labour market (three weeks were to this end provided for in Regulation No. 15) the labour permit has to be issued to the worker who is a national of a Member State.

As regards the rights which the worker acquires as his employment goes on, there has also been an important advance on Regulation No. 15. After two years in regular employment the worker will now be placed, as far as the exercises of paid employment is concerned, on the same footing as workers who are nationals of the country concerned. It should be pointed out that in practice these measures will now apply only in regions and trades where the priority of the national market is maintained under the clause referred to above, since in the other regions and trades nationals of the six Member States will enjoy access to employment throughout the Community on a footing of absolute equality, of course subject to the rule that non-nationals must obtain a labour permit.

Progress has also been made on the workers' right to be joined by their family. Whereas Regulation No. 15 limited this right to the worker's spouse and children under the age of 21 years, the new regulation extends it to relations, both ascendants and descendants, dependent on the worker or his spouse, and there is no age limit as regards dependent children. The exercise of this right is, however, conditional on the worker having a normal dwelling available for his family. A "normal" dwelling is defined as one which would be considered normal for national workers in the region where the worker from another Member State is employed.

One particularly important individual right granted to workers should be noted: from now on the worker will not only be entitled to vote in the workers' representative organizations in his firm, he will also be eligible for office. For the present, however, one special condition is attached to the right of non-nationals to stand for election. Apart from the other qualifications demanded of national workers — except, of course, those concerned with nationality — they must show that they have been three years with the firm.

The aim here is to limit election in the second stage to workers who offer certain guarantees of stability and have the experience necessary to fulfil the duties of their office.

The institutional side of Regulation No. 15 has been taken over in the new Regulation without modification. The European Office for Co-ordination, the Consultative Committee and the Technical Committee set up under the regulation will continue to handle the tasks previously entrusted to them.

One essential provision of the regulation deserves particular attention. This is the one concerning priority for the Community labour market. The Council considered that the principle of non-discrimination written into the Treaty means that in each Member State workers from Member States must have the same prior right to the available jobs as nationals of the country concerned. This priority is the subject of Article 8 of the regulation. The procedure laid down for implementing this priority is intended to respect the principle of non-discrimination without impairing, by time-consuming formalities, the rapid supply of the labour required by industry in the Member States; it is set out in Articles 29 and 30, which point out that the Member States, in close collaboration with the Commission, shall each year make a review of the situation on the Community's labour market and establish, in the light of manpower needs and the

foreseeable availabilities, which measures can be taken to ensure clearing arrangements within the Community. These exercises will also make it possible to see, at the end of each year, how far the forecasts have been borne out by the facts.

In this way Community workers will have, within the Community, a privileged position when they apply for the available jobs — and this is only right — without the economy, which has manpower needs that the Community is unable to satisfy, being hampered by an unnecessarily cumbersome administrative procedure.

B. Structure of the regulation and of the directive

This is parallel to that found in Regulation No. 15 and the directive of 16 August 1961. The regulation, then, contains four parts: Part I establishes the rules for the introduction and employment of workers and the introduction of members of their family; Part II concerns the clearing of vacancies notified and applications for work; Part III deals with the Consultative and Technical Committees, and Part IV contains the final provisions.

Like the directive of 16 August 1961, the new directive covers the conditions of issue and validity of the workers' passports, national identity cards and residence permits.

One further point should be mentioned: the arrangements concerning labour permits which figured in the directives of 16 August 1961 are now included in the regulation and, therefore, are directly applicable in each Member State.

III. Association with Greece

The eighth session of the EEC/Greece Council of Association was held in Brussels on 10 March 1964. M. Henri Fayat, Belgian Deputy Minister of Foreign Affairs was in the chair.

The Greek delegation was led by M. G. Mavros, Minister for Co-ordination.

The business was to settle two points left in abeyance at the last session in February: reduction of the duty on Greek tobacco and suspension of the rates in the common external tariff for resins and turpentine. It should be recalled that Greece made its agreement to this suspension conditional on the reduction for tobacco. As regards tobacco the following formula was agreed on:

a) A 10% cut in intra-Community duties on 1 July 1964 (making the total reduction 60%); a further 10% cut when the common agricultural policy is extended to tobacco, it being understood that if the EEC Council has not done this by the end of the present year, the Greek Government reserves the right to ask that the Association Council be convened early in January 1965 to discuss the necessary duty reductions;

b) A second alignment on the common external tariff in two stages: 31 December 1964 and 31 December 1965.

The Greek delegation agreed that the tariff quotas for resins and turpentine should be replaced by a temporary reduction for 1964 of the CET duties to 3.5% for resins and 3% for turpentine.

Finally it proposed that the next meeting of the Association Council should take place in Athens.

The EEC/Greece Association Committee met on 16 March 1964. As provided for by Article 64 of the Agreement, the delegations of the Six and of Greece consulted with each other on the current negotiations between the Community and Israel. As regards the World Conference on Trade and Development, the delegations agreed to keep each other informed and to co-ordinate their points of view in Geneva.

IV. Activities of the Community

EXTERNAL RELATIONS

Association with Turkey

1. With a view to implementing the Association Agreement between the European Economic Community and Turkey signed in Ankara on 12 September 1963, the Council decided at its session of 25-26 November 1963 to propose to the Turkish Government that an interim Committee be set up whose main tasks would be:

- a) To prepare draft rules of procedure for the future Council of Association;
- b) To work out methods and procedures to give effect to the provisional Protocol as soon as the Agreement comes into force.

The Turkish Government agreed to this proposal, and the interim Committee, consisting of representatives of the Member States, the Commission and Turkey, met for the first time on 6 March 1964 under the chairmanship of M. J. van der Meulen, Permanent Representative of Belgium to the European Communities. The Turkish delegation was led by M. Oguz Gökmen, head of the Turkish mission to the European Economic Community.

Agreement was reached on the draft rules of procedure of the future Council of Association.

As the entry into force of the Agreement, which should take place in the course of the year, will not coincide with the beginning of a calendar year, the Turkish delegation requested, having regard to the seasonal nature of exports of tobacco, currants, dried figs and hazelnuts, that Article 5(2) of the provisional Protocol be applied. This provides for an increase in the tariff quotas fixed in pursuance of paragraph 1 of the same article.

As to the Financial Protocol the Turkish delegation considered that the minimum interest rate on loans from the European Investment Bank (3%) was too high and should be considered not as a minimum but as a maximum. The Community delegation therefore suggested that the question be re-examined in the light of the explanations which the Bank will supply to Turkey.

Relations with Ireland

2. A meeting at expert level was held in Brussels on 13 March between a Commission delegation and an Irish Government delegation. This was one of the series of periodical meetings between the Commission and the Government of Ireland.

The two delegations discussed in detail the trend of trade between the Community and Ireland with special reference to farm products.

Relations with Israel

3. At its meeting on 9-10 March 1964 the Council decided to continue negotiations for a non-discriminatory trade agreement between the Community and the State of Israel, and gave wider terms of reference to the Community delegation. These provide in particular for temporary reductions of the duties under certain headings and sub-

headings of the common external tariff, speedier alignment of some national duties on the CET, liberalization measures by the Member States for some products and the establishment of a mixed EEC/Israel Committee. On 19 March the Community delegation met an Israeli delegation to discuss these points; the negotiations will be continued in the first half of April.

Relations with Lebanon

4. At its meeting of 9-10 March 1964 the Council decided shortly to open negotiations for a trade agreement between the Community and Lebanon.

Common commercial policy

5. The central Working Party of experts on trade policy held a further meeting on 3 March. The experts discussed a draft regulation for the gradual introduction of a common procedure regarding imports. The drafting of this regulation, which is designed to establish procedure for the Community management of "quantitative" quotas, had been proposed by the Commission in its recent communication to the Council on the Community's trade relations with Japan. The delegations put forward their preliminary views on this draft, which will be revised in the light of these comments and re-examined at the next meeting of the central Working Party.

The Community and GATT

Trade negotiations: preparatory work

6. *Sub-Committee for the tariff negotiating plan.* — The Sub-Committee met on 24 and 25 March, when the main business was to review the progress made on the problem of disparities. Opinions still differ on various points concerning the identification of significant disparities but a certain pattern is nevertheless emerging as to the means of arriving at a compromise and an adequate basis for agreement before the negotiations open on 4 May 1964.

7. *The Committee on Agriculture.* — The Committee met on 19 March, when members exchanged their general ideas on the Community's proposals for the agricultural negotiations. Without considering these proposals as a working hypothesis, the Committee nevertheless decided to subject them to a thorough technical examination in order to obtain a better understanding of the working of the proposed system and to judge its applicability and effects in practice.

8. *The Special Group on cereals.* — The Group met from 17 to 20 March. It set out to advance beyond the purely preparatory stage at which it had been working so far and approach the pre-negotiation stage, i.e. to pinpoint the basic factors in negotiating an international cereals agreement.

The Group gave initial consideration in some detail to the "support level" method advocated by the Community. The main points discussed were price levels, domestic policies and conditions of access, which are the three crucial points of the negotiations. Important progress has been made on one matter: it is generally recognized that as regards domestic policies certain pledges will have to be given since they will be decisive in the development of trade.

XXIst session of the Contracting Parties

9. The XXIst session of the Contracting Parties took place in Geneva from 24 February to 20 March 1964.

The general atmosphere was clearly influenced by the approach of two major events, the United Nations World Conference on Trade and Development, which began on 23 March, and the Kennedy round of trade negotiations due to open on 4 May. The imminence of these two events, which will call for critical decisions and new orientations, rather detracted from the normal interest in the work of the Contracting Parties and led many countries to adopt a wait-and-see attitude.

Discussion of the item on the agenda concerning the trade of the developing countries, which covered the activities of the numerous subsidiary bodies active in this field, was particularly lively in the Legal and Institutional Committee and the Working Party on Preferences.

In particular several countries would have liked the Contracting Parties to take up a definite position, before the opening of the World Conference, as to a revision of the General Agreement so that it might cover the problems arising in the trade of the developing countries and the question of preferences for these countries.

The results fell short of this, because of the multiplicity of alternatives offered and the complexity of the problems. The Community in particular preferred at the present stage not to commit itself to a formula for the revision of the Agreement which might be overtaken by the conclusions of the World Conference. In the Community's opinion the real work of adjusting the General Agreement could only be usefully and effectively undertaken in the light of and along the lines of these conclusions.

The Commission representative made the now traditional though not obligatory statement on the implementation of the Rome Treaty. Similar information was supplied by the Greek representative on the application of the Association Agreement with his country.

The Commission's statement gave rise to a debate in which the representatives of many developing countries reiterated their grievances and their hopes and fears. The general tone of these remarks was no different from what had been heard on previous occasions.

The agenda also included items concerning the Ankara and Yaoundé Agreements, copies of which had been distributed to the Contracting Parties. After brief exchanges on these questions it was agreed to adopt the usual procedure for examining such agreements, i.e. exchange of written questions and answers within a certain time-limit followed by study in ad hoc working parties which would then report to the Contracting Parties.

World Conference on Trade and Development

10. The United Nations Conference on Trade and Development opened in Geneva on 23 March and will continue until 16 June 1964. Delegates of Belgium, the Federal Republic of Germany and France were elected among the 27 Vice-Presidents of the Conference.

The Community is represented at this Conference by observers. Its delegation is drawn from the Council and the Commission.

The general atmosphere of the Conference during these first weeks has been marked by the determination of the various groups of countries to keep politics out of the discussion and to avoid anything which could help up the normal course of the work. The debates have been noteworthy for their constructive approach.

The Conference agenda drawn up by the preparatory Committee and the division of work between the main committees were unanimously approved. It was decided that the problem of compensatory financing would be studied simultaneously by Committee I (commodities) and Committee III (financing of trade). The first will approach the question from the angle of the requirements of such machinery while the second will deal with possible technical methods.

Declarations by the Member States of the Community

11. The first delegate from a Community Member State to take the floor was M. Brasseur, Belgian Minister for Foreign Trade. The first part of his address expressed the Community's opinion and this was followed by a statement of the specifically Belgian point of view.

In the first part of his speech, large extracts from which are given in Chapter I of this Bulletin, M. Brasseur said that the Community had no desire to present the Conference with any hard and fast position. He emphasized the importance of the work already accomplished, in particular by GATT, and added that the new orientation to be given to international economic relations and trade could not be in conflict with past achievements but on the contrary should be their logical consequence.

Pointing to the predominant position of the EEC in world trade, particularly in trade with the developing countries, M. Brasseur said that the Community was in principle in favour of stabilizing commodity prices at a level sufficiently remunerative for the producing countries, but within certain limits dictated by economic considerations. In the opinion of the EEC, free access to markets was only one means among others of increasing the developing countries' income. For manufactured products it would perhaps be necessary to try to relax the most-favoured-nation clause in the interests of these countries. Moreover the Community believed that regional co-operation between developing countries on economically sound principles could have many beneficial effects.

M. Brasseur's subsequent statement on behalf of Belgium and those of the other Member States coincided with this Community view.

Belgium was convinced that efforts must be made to stabilize and if need be increase the prices of commodities by a product-by-product approach and possibly impose in addition an import levy the proceeds of which would be used for development. For manufactured products Belgium advocated countervailing charges on industrialized countries' imports of manufactures from the developing countries where conditions of production were abnormal and the goods were offered at correspondingly low prices. The proceeds would be used to promote development in the exporting country. In the case of products which could not be offered on the international market at competitive prices the interested parties could negotiate to obtain tariff preferences from the advanced countries. Such preferences would have to be selective, temporary and depressive.

Other proposals concerned the establishment of an international system of export credit insurance and guarantees for private capital invested in the developing countries.

After examining the problem of the developing countries' trade the French delegation stressed the importance of establishing large internal markets and advocated a policy of regional groupings for this purpose. Although obstacles to trade had to be removed, their disappearance could not alone solve the problem of the developing countries. Liberalization of commodity trade must go hand in hand with a better organization of markets in order to stabilize and improve prices. For manufactured products the aim must be expansion of trade under conditions of fair competition.

Speeches by the delegations of the Federal Republic, Italy and the Netherlands also followed the Community line. As regards commodities they stressed the need for stabilization without, however, alluding to any raising of prices, and accepted the principle of degressive preferences in favour of the developing countries' exports of finished and semi-finished goods. The Italian delegation was opposed to any compensatory financing apart from wider action by the International Monetary Fund, whereas the Netherlands delegation expressed interest in solutions of this kind, referring in particular to the proposal for a development insurance fund. This delegation also stressed the danger of stabilizing commodity prices at too high a level and stated that the Netherlands Government was in favour of the Action Programme worked out by GATT.

General trends of other countries' declarations

12. Among the other speeches some are worthy of note and have been grouped as follows:

a) *Western countries:* Mr Ball's statement on behalf of the US delegation was in very cautious terms. The United States, he said, was ready to examine all proposals put to the Conference in favour of the developing countries.

This attitude, which was perhaps a matter of tactics, did at any rate represent a definite advance on the part of the United States from the position adopted in earlier statements. However, Mr Ball's practical proposals were very few in number; they included removal of obstacles to trade, with the accent on the Kennedy round, and arrangements to stabilize commodity prices at levels compatible both with the forces acting on the market and with development requirements. All these proposals maintained the principle of non-discrimination which the speaker thought could not be abandoned unless any proposal to do so was abundantly justified. Mr Ball also stressed the importance of regional groupings of developing countries and hoped to see the GATT texts on this point made more flexible.

Canada and certain EFTA countries put forward similar arguments, insisting on the liberalization of trade, accepting the principle of product-by-product agreements for raw materials though expressing reservations as regards preferences.

b) *East bloc countries:* In general the tone adopted by the representatives of East bloc countries was also moderate. They declared themselves ready to increase their imports from the developing countries, in particular by negotiating long-term agreements fixing export and import quotas for several years.

c) *The developing countries:* All these countries were agreed on their need for preferential treatment and for machinery to stabilize and improve commodity prices, but marked divergences emerged when it came to proposing concrete measures.

The countries associated with the Community supported the ideas in the French aide-mémoire on the organization of markets and the import levy and also, although to a lesser extent, the principle of temporary preferences for finished and semi-finished products suggested by M. Brasseur.

The point of view of the British Commonwealth countries was closer to the rules of free trade at present prevailing.

The Latin-American countries made scarcely any practical proposals in their general statements, which referred mainly to the "Alta Gracia" charter drawn up early this year. This calls for a new international trade structure based on general and non-discriminatory preferential treatment for all developing countries, but with the possibility of differentiated treatment adapted to the special features of varying stages of development.

The Asian countries such as India and Japan mainly stressed the importance of the GATT Action Programme and hoped that stabilization agreements for commodity prices would be concluded. They considered also that any preferential treatment for the developing countries should be non-discriminatory.

Resolution of the European Parliament on the World Trade and Development Conference

13. On 25 March the European Parliament unanimously passed a resolution urging the EEC to take vigorous action at the World Conference on Trade and Development.

The resolution points to the results which the Community has so far achieved in the campaign against economic underdevelopment and proposes the following measures:

1. The Community countries together with the other "rich" countries should endeavour to create a world market organization for most commodities.
2. The Six should abolish all existing duties between themselves on tea, cocoa, coffee and certain other tropical products.
3. The Six and the other industrialized countries should jointly establish a preferential tariff system in favour of the developing or underdeveloped countries.

The Community and the United Nations

Economic Commission for Africa (ECA)

14. The Community was represented at the 6th session of ECA in Addis Ababa, Ethiopia, from 19 February to 2 March 1964. It emerged from this session that the idea of an African common market is beginning to take shape, advancing from the sphere of political declarations into that of concrete achievement. In particular the sub-regional approach can lead to practical proposals, especially in the communications and transport sectors.

The delegations of the associated African States and Madagascar vigorously defended their association with the Community and denied that it was likely to impair the establishment of an African common market.

Economic Commission for Asia and the Far East (ECAFE)

15. The Community was represented at the 20th session of the Commission in Teheran, Iran, from 2 to 17 March 1964. In reply to misgivings expressed by certain countries in the region, the EEC representatives produced weighty evidence of the open and liberal character of the European Common Market's commercial policy.

Non-member countries' missions to the Community

16. On 17 March 1964 Ambassador Hahn Bee Lee presented to M. Hallstein his letters of credence as head of the Korean mission to the Community.

The competent EEC institutions have given their agrément to the appointment of H.E. Boualem Bessaih as head of the Algerian mission to the Community.

ECONOMIC AND FINANCIAL AFFAIRS

Debate in the European Parliament on the economic situation in the EEC

17. On 23 March the European Parliament held a debate on the economic situation in the Community.

M. Berthoin introduced his report on behalf of the Economic and Financial Committee concerning the Commission delegation's survey of the Community's economic situation in 1963 and outlook for 1964. The report approved the general lines of the programme recommended by the Commission and expressed the Economic and Financial Committee's conviction that the Community's efforts would be successful.

The speakers for the Christian-Democrat, Socialist and Liberal and related groups in turn approved the Economic and Financial Committee's conclusions and promised support for the Commission's anti-inflation campaign while at the same time recalling the political considerations proper to their groups.

Several members then stressed special aspects of the economic situation in the Community or in their respective countries: some of them expressed certain reservations.

Replying to the debate in two speeches, M. Marjolin, Vice-President of the EEC Commission, said that the Commission supported the Economic and Financial Committee's motion for a resolution and that the debate had revealed an identity of views on the danger of inflation causing global disequilibrium and on the need to react through general and not merely specific measures. M. Marjolin added that the recommendations which the Commission would submit to the Council at its meeting on 13 April would be confined to immediate measures to combat inflationary trends in the Community, and expressed the hope that the Council would approve them. In response to the anxieties expressed in certain quarters, M. Marjolin assured members that the Commission would take every opportunity of consulting the trade unions before submitting its proposals to the Council.

M. Marjolin reiterated his warning of last January about the inflationary trends making themselves felt in most of the Member States. "The Community's situation is disquieting, because of inflationary pressure. The Six can no longer act separately. Overall action, diversified according to countries, co-ordinated and synchronized is indispensable."

In conclusion to the general discussion the Parliament unanimously passed a resolution which is given in an annex to this Bulletin. The Parliament shared the Commission's satisfaction at the expansion of gross national products in 1963, accompanied by a growth of intra-Community trade, but also shared the Commission's anxieties at rising prices and production costs, which were the obvious causes of a growing deterioration of the Community's internal equilibrium and of its balance of payments. Such a trend might well jeopardize the Community's economic growth. The Parliament agreed with the Commission that a balanced system of stabilization measures must be worked out. It supported the general principles of the programme recommended by the Commission provided that this was carried out, in both the public and private sectors, in the light of conditions in the various countries and that the burden did not fall on the less-favoured sectors of the population. The main business circles and social sectors should moreover be associated with the stabilization efforts recommended.

The Parliament endorsed the Commission's view that it should have wider powers to co-ordinate Member States' economic policies. As a first stage plans should be worked out to co-ordinate economic and financial policies and maintain the Community's economic and financial balance. With this in view the member Governments were urged to consult each other before drawing up their national budget proposals and to discuss these together and in conjunction with the Commission.

Energy problems

18. A meeting of the senior national officials responsible for the petroleum and natural gas sectors was held in Brussels on 28 February 1964 with M. Marjolin, Vice-President of the Commission, in the chair.

A draft Council directive on the stocking of petroleum products drawn up by the Commission's staff was examined and approved subject to minor amendments.

The meeting then heard a communication on the results of an inquiry into regulations governing the petroleum industry in the Member States. This inquiry, undertaken for the mutual information of the Member States and the Commission, supplies the indispensable basis for the studies on petroleum in progress or contemplated. The officials agreed to bring this documentation up to date each year.

Problems of security of supplies were then discussed.

In addition the high officials instructed the petroleum experts to undertake two new studies: one on joint ways of exploiting the Community's oil and natural gas resources, and the other on problems arising from the development of natural gas resources in the Community.

The Committee of experts on economic trends

19. On 11 March the Committee held its quarterly meeting to study the economic situation and outlook in the Community. Subject to a few comments on matters of detail and certain minor differences of assessment, it appeared that the experts' views coincided with those set out in the draft report submitted by the Commission's staff.

In particular this examination brings out the fact that economic strains are continuing and call for co-ordinated stabilization measures.

THE INTERNAL MARKET

Implementation of Article 33(4) of the Treaty

20. In March the Commission took twelve further decisions under Article 33(4) of the Treaty noting that for two years in succession imports of the following products by certain Member States from other Member States had fallen short of the quotas ⁽¹⁾:

B.L.E.U.	No. in the Benelux tariff.	Products.
	ex 03.01 B	Fresh sea fish (live or dead), chilled or frozen, except herrings, smelts and sprats.
Germany(FR).	No. in the German tariff.	
	ex 20.04 D	Other fruits, plants and parts of plants preserved by sugar with the exception of preserved cherries.
	ex 07.05	Field pea seed.
	ex 07.05	Fodder bean seed.
	ex 07.05	Dried leguminous vegetables for sowing.
France.	No. in the French tariff.	
	08.01 ex A	Dates in unit packages of 5 kg net or less.
	07.01 H II	Shallots.
	12.06 B	Lupulin.
	03.01 B I ex b	Fresh, chilled or frozen sardines.
	03.01 B I ex b	Fresh, chilled or frozen tunny.
	03.01 B I ex a	Fresh, chilled or frozen herrings.
	11.05	Flour, meal and flakes of potato other than for animal-feeding.

These decisions under Article 33(4) mean that the Member States concerned must abolish the quotas for these products in trade with other Member States.

Application of Council decisions of 4 April 1964 based on Article 235 of the Treaty

21. On 2 April 1964 the Commission made seven decisions amending decisions to authorize countervailing charges on imports of certain products into the Federal German Republic, France and Italy.

⁽¹⁾ See official gazette of the European Communities, No. 55, 3 April 1964.

The maximum amount provided under Article 2(1 *b*) of the Council decision of 4 April 1962 and representing protection for the processing industry is fixed at 3% with effect from 4 April 1964. The Commission therefore had to revise the charges it authorized with the object of offsetting disparities between the exporting and importing Member States in the prices of agricultural products incorporated in certain processed goods.

The authorizations granted by the Commission concern the following imports:

- a*) Federal Republic of Germany: biscuits and waffles from the Netherlands (decision of 26 July 1963);
- b*) Federal Republic of Germany: bread from the Netherlands (decision of 5 November 1963);
- c*) Federal Republic of Germany: dextrin and soluble or roasted starches from other Member States (decision of 19 December 1963);
- d*) France: solid or powdered chocolate, confectionary and preparations containing cocoa and chocolate but not containing liqueurs from certain other Member States (decision of 5 November 1963);
- e*) France: glucose (dextrose) from certain other Member States (decision of 28 November 1963);
- f*) France and Italy: dextrins, soluble or roasted starches and prepared glazings and dressings with a basis of starchy substances from certain other Member States (decisions of 4 December 1963).

SOCIAL AFFAIRS

Social security of migrant workers

22. The EEC Administrative Committee for the social security of migrant workers held its 52nd session on 27 and 28 February and its 53rd session on 24 March.

At the 52nd session the Committee resumed discussion of the procedure for the revision and simplification of the social security regulations (Regulations No. 3 and No. 4). It also proceeded with the examination of certain questions concerning the social security of officials and non-established personnel of the European Communities.

A decision was taken on the family allowances of Italian frontier workers in France.

The Committee drew up its budget estimates and programme of work for 1965.

At the 53rd session draft agreements between the competent authorities of the Member States on the refund of benefits in kind supplied to pensioned frontier workers were finalized. An initial exchange of views was held on certain question concerning the interpretation of Council Regulation No. 1/64 on family allowances for the children of pensioners or annuity holders and for orphans.

Free movement of workers

Information brochure for workers moving between Community countries

23. On 27 February the Commission, acting on a recommendation from the Consultative Committee set up under Regulation No. 15 on the free movement of workers, called together workers' representatives to examine the possibility of publishing and distributing for the benefit of workers moving between Community countries an information brochure on living and working conditions in the six countries and summarizing the main rules and regulations governing the free movement of workers.

It was decided that initially only the construction, metal production and processing and agricultural sectors would be covered. Members undertook to supply the Commission with all the necessary information concerning their respective countries. There was general agreement on the scope and nature of the information which the brochure would contain and on methods of work. It was decided that the representatives of the branches chosen would set up sector working parties which would meet for the first time on 24 April.

Seminars

24. On 2 and 3 March the representatives of employers' and workers' organizations were invited by the Commission to a two-day seminar on the free movement of workers, which supplied interesting information and reports of experience in this field.

Papers were presented by members of the Consultative Committee for free movement and by EEC officials on the following subjects:

- a) Regional, national and international clearing operations;
- b) Offers of employment, recruiting and transport of workers;
- c) Administrative procedures for the introduction of foreign workers;
- d) Training of migrant workers;
- e) Measures to promote occupational and geographical mobility with a view to balancing vacancies and applications;
- f) Commission's activities in the field of free movement.

At the close of the seminar those attending said they had found it highly interesting and hoped that similar meetings would be held periodically.

Policy on family welfare

25. From 2 to 4 March in Brussels a meeting was held at the instance of the Commission of government experts, representatives of the European Secretariat of the International Union of Family Organizations (IUFO) and of workers' and employers' organizations to discuss questions of family welfare.

The meeting first studied and compared laws, regulations and voluntary action on behalf of families in the Community in 1963 (family allowances, housing, tax rebates) and schemes in preparation.

The second part of the work consisted of a more detailed study of home help services in the various countries. The role of these services is to supply help at home in certain circumstances to mothers and elderly people, and ever-increasing calls are being made on them. The question of financing the services (subsidies, support from social security and family allowance funds, etc.) was given special attention. Representatives of the International Council of Home Help Services took part in this work.

Problems of agricultural wage-earners

26. The Joint Consultative Committee for the social problems of agricultural wage-earners held its first meeting on 25 February 1964. The meeting was opened on behalf of M. Levi Sandri, a member of the Commission and President of the Social Affairs Group, by the Director-General of Social Affairs, who mentioned the many social problems arising in the agricultural sphere and gave a brief picture of the activities of the Commission, the European Parliament and the Economic and Social Committee, whose concerted efforts had led to the establishment of this first Joint Consultative Committee.

M. Schmalz, (Federal German Republic) representing the agricultural wage-earners, and M. Oosterhuis (Netherlands) the agricultural employers, were unanimously elected chairman and deputy-chairman of the Committee respectively.

The Commission representatives asked the opinion of the Joint Committee on priorities to be established and methods to be followed with a view to practical measures. As points calling for priority treatment the Committee chose the working week, wages and vocational training. Social security, industrial safety and housing problems will be studied later.

Three working parties were then formed — one for each of the priority sectors — and were requested to submit their reports to the Joint Consultative Committee before the end of April.

AGRICULTURE

Common agricultural policy

27. The Council's activities in March were centred on the preparation of the decision on the level of cereal prices for the 1964/65 marketing year and the adoption of important implementing regulations on the new common market organizations. The volume of work was such that the Council was obliged to hold three sessions on 2-3 March, 9-10 March and 23-25 March. In the intervals business was prepared by the Special Committee for Agriculture and by the working parties.

The Council held an initial exchange of views on 2-3 March on the Commission proposal for a single-stage alignment of cereal prices; this was continued at the following sessions and extended to other proposals of the Commission for compensation to farmers hit by price reductions and also for the implementation, from 1966 onwards, of Community plans to improve the living standards of the rural population. Under the work programme which it set itself the Council was to take a decision on this subject at its session of 14 and 15 April. The Council decisions concerning cereal prices are of some importance in view of the Kennedy round negotiations beginning in GATT in May 1964. The method of negotiation approved by the Council on 23 December 1963,

following a Commission proposal, and submitted to the Contracting Parties in Geneva, i.e. the binding of the support level, has meanwhile been accepted in principle for cereals by the United States delegation.

As this support level is defined as the difference between the world market price and the cereal price applied by the Community, the common price must be known in order to determine it.

Common organization of markets: functioning of existing common organizations

Cereals

28. As regards the common organization of markets in the cereals sector the most urgent task was to agree on the implementing provisions for the common regulations on rice. At its meeting of 23 March the Council adopted a Commission proposal on the fixing of upper and lower target price limits for rice in the producing Member States as well as the threshold price for rice and broken rice in Member States which are not producers. The upper limit of the target prices applying in the marketing centre of the area having the greatest surplus is fixed at 18.32% units of account per 100 kg. and the lower limit at 15.29% units per 100 kg. The threshold price was fixed at 14.20 units.

As regards the quality standard the Commission issued Regulation No. 27/64 setting the standard of round-grain (common) rice husked to which the threshold price applies and the standard of round-grain (common) paddy for which the intervention price is fixed ⁽¹⁾. This regulation is based on Article 7 and Article 18(3) of the basic regulation on the gradual establishment of a common rice market. Moreover, on 20 March the Commission issued Regulation No. 30/64 concerning the conversion of paddy into husked rice for a given round-grain (common) rice ⁽²⁾. This regulation is based on Article 7 of Regulation No. 16/64. The Cereals Management Committee had issued a favourable opinion.

After obtaining the opinion of the Cereals Management Committee the Commission also drew up a regulation fixing an equivalence table between certain qualities of oats from Canada and the quality standard fixed for the threshold price (Commission Regulation No. 29/64) ⁽³⁾. These provisions supplement the annex to Commission Regulation No. 70 by adding certain qualities of Canadian oats which had not hitherto been provided for.

Pigmeat

29. It has been found necessary in this sector to make a number of new decisions, first on adjustments to allow for the market trend, and secondly to extend regulations which applied only a certain time.

On 25 March the Council issued on a Commission proposal Regulation No. 34/64 amending the schedule appended to Regulation No. 20 as regards certain pigmeat

⁽¹⁾ See official gazette of the European Communities, No. 48, 19 March 1964.

⁽²⁾ *Ibid.*, No. 50, 23 March 1964.

⁽³⁾ *Ibid.*, No. 49, 20 March 1964.

products ⁽¹⁾, and on 26 March the Commission issued Regulation No. 35/64 which bears the same title ⁽²⁾.

According to Council Regulation No. 85/63, the Council will decide by 31 March 1964 whether the new system of pilot products, derived products and import documents instituted under this regulation is to be maintained or amended. It follows from the definition of the objectives of the new system given in the preamble to Regulation No. 85 that this decision must depend on lessons learned in the meantime.

The object of the system of pilot and derived products and import documents is to prevent market disturbances. It presupposes a normal market situation. But Regulation No. 85 was issued at a time when prices for pig carcasses and pigmeat were abnormally high, so that no practical experience has been gained apart from market observation based on import documents. It therefore seemed advisable to extend the provisional regulations for a year. The Council, acting on a Commission proposal, consequently issued Regulation No. 33/64 extending the validity of Council Regulation No. 85/63 on the determination of sluice-gate prices and supplementary amounts and making transitional provisions for cuts of pork and for pigmeat preparations and preserves ⁽³⁾.

Sluice-gate prices for imports from non-member countries have to be fixed every three months. Those at present applying are valid until 31 March 1963. It was therefore necessary to fix new ones for imports made between 1 April and 30 June 1964, and this the Commission did by Regulation No. 32/64 ⁽⁴⁾. In view of the rise in world prices for feedgrain between 1 July 1963 and 31 December 1963, the sluice-gate price for pig carcasses was raised from 51.6025 to 52.9317 units of account per 100 kg.

The Commission has decided to maintain the premium added to the refund on exports of Wiltshire bacon to non-member countries, thus extending for the third time the decision first taken on 28 August 1963. This is justified in particular by the desire to maintain traditional exports to non-member countries (particularly the United Kingdom) in anticipation of the considerable supplies of pigs expected in the Community towards the end of 1964.

Eggs and poultry

30. In view of the price trend on the egg market the Commission decided, by Regulation No. 20/64 of 4 March on the fixing of a surcharge for poultry eggs in shell ⁽⁵⁾, that the surcharge of 0.15 units of account applying since 6 February 1964 would be reduced to 0.125 units of account per kg. Because of the recovery of prices on egg markets, it was possible to reduce this amount again by Commission Regulation No. 28/64 of 18 March ⁽⁶⁾ to 0.0625 units of account per kg.

The method of calculating the levy and the sluice-gate prices of poultry backs and necks was amended by Commission Regulation No. 21/64 of 4 March amending the levy and the sluice-gate price for poultry backs and necks ⁽⁷⁾. On this occasion the feed conversion rate was reduced from 0.60 to 0.50, but simultaneously the Commission fixed, by Regulation No. 22/64 of 4 March ⁽⁸⁾, a surcharge of 0.1 units of account per

⁽¹⁾ See official gazette of the European Communities, No. 53, 28 March 1964.

⁽²⁾ *Ibid.*

⁽³⁾ *Ibid.*

⁽⁴⁾ *Ibid.*, No. 51, 24 March 1964.

⁽⁵⁾ *Ibid.*, No. 39, 6 March 1964.

⁽⁶⁾ *Ibid.*, No. 48, 19 March 1964.

⁽⁷⁾ *Ibid.*, No. 39, 6 March 1964.

⁽⁸⁾ *Ibid.*, No. 39, 6 March 1964.

kg. for poultry backs and necks because offer prices had fallen below the sluice-gate price.

As in the pigmeat market organization, it was necessary to adjust the sluice-gate prices and the levies on imports of eggs and poultry from non-member countries between 1 April and 30 June 1964. The Commission therefore issued on 17 March Regulation No. 31/64 which adjusts sluice-gate prices for poultry eggs in shell and live and slaughtered poultry for the period 1 April - 30 June 1964 and fixes levies vis-à-vis non-member countries for poultry eggs in shell, live poultry not exceeding 185 gm. in weight and slaughtered poultry ⁽¹⁾.

Wine

31. The completion of the register of vineyards provided for in Regulation No. 24 calls for new measures to deal with certain technical problems. The object is to keep the wine register up to date by means of statistical inquiries by the sampling method and thus obviate the need of too frequent overhaul.

To solve these problems the Commission on 28 February issued Regulation No. 26/64 containing further provisions on how the register is to be established, used and kept up to date ⁽²⁾. After consulting the Member States the Commission will settle the details of the proposed statistical inquiries.

Dairy produce

32. As part of the studies and decisions on the implementing regulations pursuant to Council Regulation No. 13/64 on the gradual establishment of a common organization of markets in dairy produce, the Council has taken a first decision on a proposal from the Commission. Council Regulation No. 37/64 of 24 March ⁽³⁾ fixing the upper and lower limits of national target prices for milk for the dairy year 1964/65 now makes it possible to fix the prices necessary for the levy to come into operation.

For the 1964/65 dairy year this Council regulation fixes the upper and lower limits of the price ex farm per kg. of milk of 3.7% fat content as follows:

	(national currency.)				
	DM	FF	Lit	Bfrs./Lfrs.	Fl.
Upper limit	0.42	0.5184	65.63	5.25	0.3801
Lower limit	0.318	0.3925	49.69	3.975	0.2878

The Member States are free to fix their prices within this bracket. The prices fixed for the reference period (1963) in the various Member States are as follows (per kg. of milk of 3.7% fat content):

Belgium	Bfrs.	3.9
Germany (FR)	DM	0.361
France	FF	0.3957
Italy	Lit.	65.63
Luxembourg	Lfrs.	4.77
Netherlands	Fl.	0.2825

⁽¹⁾ See official gazette of the European Communities, No. 51, 24 March 1964.

⁽²⁾ *Ibid.*, No. 48, 19 March 1964.

⁽³⁾ *Ibid.*, No. 54, 2 April 1964.

In drawing up this regulation the Council approved a resolution stating that the high level of the upper limit of the target price is due solely to the special situation of Italy. The representatives of the other countries, with the exception of Luxembourg, declared that their Governments would fix national target prices for the 1964/65 milk marketing year at a maximum of DM 0.3864 per kg. It was also announced that the Council had decided by agreement with the Commission that the upper and lower limits fixed for 1964/65 would not be considered a decisive factor in fixing the common target price.

As graduated intervention prices have hitherto been fixed annually in Belgium for fresh domestic butter of first quality and this has led to seasonal price fluctuations on the Belgian butter market, the Council on 3 March adopted a decision proposed by the Commission authorizing exceptions in order to permit the gradual adaptation of the Belgian market to the common organization ⁽¹⁾. Regulation No. 13/64 does not provide for any seasonal graduation of intervention prices; the Council's decision authorizes Belgium to fix these prices for fresh first quality domestic butter by derogation from the provisions of Article 21 of this regulation. This decision lays down that the highest and lowest intervention prices may not deviate by more than a given amount from the reference price.

Beef and veal

33. In the common organization of markets for beef and veal, guide prices are fixed. As with the other market organizations, the object of the first measures taken is to fix the upper and lower limits of guide prices in the Member States. Council Regulation No. 25/64 ⁽²⁾ of 10 March sets the upper and lower limits of these guide prices as follows:

	(national currency/100 kg.)				
	DM	FF	Lit.	Bfrs./Lfrs.	FL.
<i>Heavy cattle:</i>					
lower limit	205.00	253.03	32 031	2 562.50	185.53
upper limit	235.00	290.05	36 719	2 937.50	212.68
<i>Calves:</i>					
lower limit	305.00	376.45	47 656	3 812.50	276.03
upper limit	345.00	425.82	53 906	4 312.50	312.23

These upper and lower limits were fixed according to the weighted average of the prices formed on the markets of each Member State between 1 November 1962 and 31 October 1963. The weighted average of the prices thus determined nevertheless had to be adjusted, in particular to allow for the fact that climatic conditions and more especially lack of rain in the spring and summer of 1962 led to an abnormal fall in prices in the Netherlands and the Federal Republic of Germany. Moreover, the price limits were fixed to encourage beef production more than dairy farming.

⁽¹⁾ See official gazette of the European Communities, No. 47, 18 March 1964.

⁽²⁾ *Ibid.*

The Commission's staff are preparing other implementing regulations, in particular on the fixing of import prices, of conversion ratios for use in determining the levies and finally criteria for intervention on domestic markets.

Further common organization of markets : the sugar sector

34. On 12 March the Commission submitted to the Council a proposal for a Council regulation for the gradual establishment of a common organization of markets in the sugar sector. At its session of 23-25 March the Council referred this proposal to the European Parliament for its opinion. The text is published in the supplement to this Bulletin and a summary is given below.

Proposed Council regulation

35. As proposed by the Commission, the regulation on the common organization of markets in the sugar sector includes a price system whose level is ensured by a system of import levies and export refunds or import subsidies.

The regulation covers sugar, sugar-beet, sugar cane, molasses and certain processed products based on sugar listed in Annex II to the Treaty.

Price system

36. For refined sugar ex-factory without tax the Member States annually fix a target price whose purpose is:

- i) To guide production of sugar and beet;
- ii) Indirectly to influence the level of beet prices;
- iii) To determine the level of an intervention price to serve as a minimum price;
- iv) To determine the level of a threshold price and of the levy to be applied or the subsidy to be granted to imports.

The national target prices are to be aligned in such a way that by the end of a transition stage the Council will be able to fix a single target price applicable throughout the Community.

In order to guarantee a certain price to beet growers, sugar target prices are accompanied by an intervention price. The intervention agencies in the Member States are obliged to purchase at this price any home-produced refined sugar offered them.

To strengthen price stability a system of compensation for storage costs facilitates the spread of deliveries over the whole year.

Trade system

37. All imports of sugar into a Member State are subject to a levy calculated on the difference between a threshold price and a cif price for imports from non-member countries or a free-at-frontier price for those from Member States.

A preferential system in favour of the latter is ensured by deducting a standard amount from the levy.

For beet the levy is calculated in accordance with the sugar levy and the average saccharose content.

Processed products are subject to a fixed levy to protect the processing industry. Moreover, these levies may be increased by a variable component which takes into account the content of sugar or sweetening agent.

The threshold price as the upper term in computing the levy is fixed annually at a level which ensures that imported sugars are sold at the target price.

The cif prices, which are the lower term in calculating the levy on imports from non-member countries, are determined on the basis of world market prices at a given frontier crossing-point and adjusted in the light of quality differences.

When there are no national market quotations the free-at-frontier prices applicable in calculating the levy on imports from Member States refer to the incidence of world market prices on the domestic market. In this way, according to the level of the latter they are established on the basis of the intervention price, the cif price or the target price, plus marketing and transport costs to the frontier crossing-point.

The possibility of movements in the world sugar market makes certain measures necessary in the interest of the consumer. Where the cif prices are above the threshold prices, import subsidies may be granted. On the other hand where cif prices are above the target prices a levy is to be imposed on exports.

In order to enable refined sugar to be exported a refund may be granted. In principle this is equal to the difference between the prices in the exporting country and the world market price. The trade system is free, but for record purposes and for the calculation of the levy import or export certificates are still obligatory.

The levy can be fixed in advance on payment of a premium.

Any market imbalances resulting from the free trading system can be avoided by suspending the issue of import certificates when market prices reach a reference price. Furthermore, the general safeguard clause provided for in other regulations applies in the event of serious market disturbances.

A certain number of detailed regulations will have to be issued through a Management Committee such as is provided for in other agricultural market regulations.

The sugar regulation is planned to take effect for the 1964/65 marketing year beginning on 1 October 1964.

Financing of the common agricultural policy

38. In pursuance of Regulation No. 17/64 on the grant of aid from the European Agricultural Guidance and Guarantee Fund, the Commission on 12 March transmitted to the Council a proposal for a regulation listing the basic products to be taken into account when calculating export refunds in trade with non-member countries in cereals, pigmeat, eggs and poultry meat. This measure was needed in particular to determine the net exports eligible for common financing of refunds.

Rules of competition

39. On 23 and 24 March the Council also discussed questions relating to competitive conditions. In connection with the Commission's decisions on this matter particular attention was also devoted to aids granted by France and Italy for the transport of fruit and vegetables. The Commission decisions in question are mentioned in section 42 below.

The Commission has also given a ruling on the subject of aids in Italy for the voluntary stocking of meat (third-grade cow meat) and in the Netherlands for ley farming in marshy areas.

In the case of the Italian aids the Commission ruled that meat released from stock must be used only for immediate human consumption.

TRANSPORT

Common transport policy

Regulation on the abolition of double taxation

40. On 18 March 1964 the Commission submitted a proposal to the Council for a regulation on the abolition of double taxation on motor vehicles used in international transport. (The text appears in the supplement to this Bulletin).

This regulation covers only commercial vehicles, since a satisfactory solution has already been found for private vehicles in the Convention on the tax system for private road vehicles in international traffic concluded on 18 May 1956 by the UN Economic Commission for Europe. A similar attempt by this Commission to deal with commercial vehicles was unsuccessful.

In fact a Community solution is indispensable to eliminate double charges arising from road taxes and at present seriously hindering Community trade, and disparities in relation to internal road transport and other types of transport not subject to such double taxation.

The Community solution covers all intra-Community itineraries including those for which bilateral agreements have been concluded. As in the case of these bilateral agreements, it is based on the principle of nationality in order to avoid any hindrance to free crossing of the frontiers. As soon as this regulation is put into force, commercial vehicles registered in any Member State will be exempt from road tax in the other Member States in whose territory they move.

The tax exemptions provided for in this regulation are to take effect from 1 January 1965.

Belgian proposal to amend the law on transport contracts

41. Following the Council decision of 21 March 1962 on a prior study and consultation procedure for certain statutory provisions planned by the Member States in the transport sector ⁽¹⁾, the Belgian Government has advised the Commission of a Bill to amend the Title of the Commercial Code which deals with transport contracts.

⁽¹⁾ See official gazette of the European Communities, No. 23, 3 April 1962.

Subject to study of the implementing arrangements to be made later by the Belgian Government ⁽¹⁾ the Commission has issued a favourable opinion on the Bill.

Studies on the implementation of Articles 79 and 80 of the Treaty

42. On 6 March consultations as required by Articles 79(4) and 80(2) of the Treaty were held with the Member States to examine:

- i) The proposed tariff No. 251 A applicable to consignments of fruit and vegetables exported from Southern Italy (Mezzogiorno);
- ii) The draft amendment to Annex B ter to the general schedule of freight tariffs of the French national railways, granting a further tariff reduction of 15% for transport of fruit and vegetables from Brittany over a minimum distance of 650 km.

On 18 March the Commission authorized these two tariffs until 31 December 1964. Nevertheless, it limited the 15% reduction in France to the transport of early cauliflowers and potatoes and suggested that the French Government take similar measures for transport of the kind by road over a minimum distance of 650 km.

At meetings in Brussels on 6 and 19 March respectively with delegations of the Governments concerned a number of rates under the French road tariff and certain tolls charged on waterways in the Federal Republic of Germany were also examined.

Transport Committee (Article 83 of the Treaty)

43. The Transport Committee set up under Article 83 of the Treaty met in Brussels from 10 to 13 March. It studied the findings of Working Party B on certain questions concerning personal qualifications to engage in the transport of passengers and goods by road or goods by inland waterway. As requested by the Commission, the Committee rendered a formal opinion on the subject.

The Committee resumed its study of a preliminary draft opinion submitted by Working Party A on the importance of "traffic consolidation tariffs" or "tariffs imposed in the interest of the carrier" and the arguments advanced in support of them. Taking into account certain further points raised by the Commission's staff, the Committee will draw up its opinion on this matter at a meeting arranged for 12 and 13 May 1964.

The Committee fixed its time-table for the second, third and fourth quarters of 1964.

OVERSEAS DEVELOPMENT

Ratification of the Association Convention between EEC and the African States and Madagascar

44. Since the publication of the last Bulletin, three more of the associated States have deposited their instruments of ratification of the Yaoundé Convention with the Secretariat-General of the EEC Council in Brussels. These are Rwanda, Mali and Congo (Leopoldville), which discharged this formality on 17 March, 20 March and 6 April respectively.

⁽¹⁾See official gazette of the European Communities, No. 46, 17 March 1964.

Congo (Brazzaville) and Burundi are the only associated States which have not yet deposited instruments of ratification.

Among the Member States, the Bundestag and Bundesrat passed the Bill authorizing ratification on 19 and 28 February respectively, the Italian Chamber of Deputies on 17 March, the Luxembourg Parliament on 26 March, and the Second and First Chambers of the Netherlands States General on 12 February and 24 March respectively.

Resolution of the European Parliament on the system for rice imports from the African States

45. On 25 March the Parliament approved subject to a few amendments the regulation proposed to the Council by the Commission to grant preferential treatment to rice and broken rice imported from the associated African States and Madagascar and the overseas countries and territories. The Parliament nevertheless believes that these can be only provisional measures and that the final solution of the problem must be sought by way of a world agreement on rice. The Parliament also emphasizes that the proposal does not solve the problem of the prices at which the products from the above-mentioned States and territories will be offered in the EEC. According to the Parliament an interim solution to this problem could be found by refunding to the States, countries and territories concerned a part of the import levies.

Interim EEC-AASM Committee

46. The Committee, which was set up when the Association Convention was signed on 20 July 1963 at Yaoundé, held its fourth meeting on 20 March 1964 in Brussels. Ambassador Bresson, representative of Upper Volta to the EEC, was in the chair and representatives of the associated States, of the EEC Member States and of the Commission were present.

The agenda included questions of procedure and of substance. Among the latter the Committee discussed how the interests of the associated States could be accommodated in the common agricultural policy and measures which the associated States should take in connection with the lifting of quotas.

Visit of African leaders

47. M. Habib Thiam, Minister for Planning and Development in the Republic of Senegal, accompanied by M. Djime Momar Guèye, Senegalese, Ambassador to the Communities, was received on 3 and 4 March by M. Mansholt, Vice-President of the Commission, and by M. Rochereau, member of the Commission and President of the Overseas Development Group. Talks were held on the marketing of groundnuts, which are Senegal's staple export.

M. Habib Thiam was instructed by President Senghor to explain to the competent authorities of the six Member States, to the Commission, and to the Council in turn, the economic and political problems which the implementation of the Yaoundé Convention and the future common fats policy entail for Senegal.

EUROPEAN DEVELOPMENT FUND

Financing approved at 31 March 1964

(in thousand of account)

Country or territory	Number of projects	Amount
Congo (Leopoldville)	14	14 631
Rwanda	10	4 844
Burundi	13	4 753
Total	37	24 228
Algeria (incl. Sahara)	9	20 427
Cameroon	27	44 880
Central African Republic	24	14 225
Comoro Islands	6	2 636
Congo (Brazzaville)	17	18 702
Ivory Coast	18	33 387
French Somaliland	2	1 367
Dahomey	18	18 658
Gabon	14	13 336
Guadeloupe	4	4 399
French Guiana	1	2 005
Upper Volta	12	26 434
Madagascar	40	53 528
Mali	25	33 009
Martinique	4	6 749
Mauritania	10	12 336
Niger	6	24 731
New Caledonia	5	1 560
Polynesia	1	2 474
Réunion	5	7 516
Saint-Pierre-et-Miquelon	1	3 545
Senegal	20	37 037
Chad	18	28 197
Togo	18	13 995
Group of States	3	7 891
Total	308	433 024
Somalia	5	6 825
New Guinea	4	7 458
Surinam	4	11 194
Total	8	18 652
Grand total	358	482 729

Social project

Functioning of the new hospital at Mogadishu (Somalia)

48. In response to an application from the Somali Government on 16 July 1963, the Council authorized the Commission to finance from the first European Development Fund and for a period of three years a large part of the expenditure for the medical personnel needed at the new general hospital at Mogadishu, built at Community expense through the first Development Fund.

The Community's action, along with the co-ordinated bilateral aid to the Somali Republic from Belgium, Italy and the Netherlands, will provide the hospital with a team of 28 doctors, a chemist and two pharmacists. The Community's share in this technical assistance project amounts to 1 357 000 units of account.

SIGNATURE OF FINANCING AGREEMENTS

49. In March 1964 the following agreements were signed:

With the Republic of Congo (Brazzaville) for a social project and an economic project to cost about 624 000 units of account (154 million frs CFA.).

With the Republic of Gabon for an economic project to cost about 470 000 units of account (116 million frs CFA.).

With the Federal Republic of Cameroon for a social project to cost about 474 000 units of account (117 million frs CFA.).

With the Republic of Chad for a social project to cost about 3 241 000 units of account (800 million frs CFA.).

With the Republic of Ivory Coast for a social project to cost about 1 215 000 units of account (300 million frs CFA.).

ADMINISTRATIVE AFFAIRS

Budget matters

50. At its session of 20 to 25 March the European Parliament adopted a resolution finally approving the draft supplementary budget of the European Economic Community for 1964 in conformity with Article 203(4) of the EEC Treaty. This budget is to provide for the new tasks falling upon the Commission by reason of the common organization of markets in agricultural products.

On 13 March 1964 the EEC Commission submitted to the Council the preliminary draft of a second supplementary budget for 1964 to provide the Directorate-General for Overseas Development with the extra personnel needed to handle satisfactorily and within the prescribed time-limits the additional business to which the imminent entry into force of the Yaoundé Association Convention between EEC and the African States and Madagascar will give rise. The request is for 11 officials in category A, 9 in category B and 10 in category C.

Staff movements

51. M. Jean Durieux, head of division in the Directorate-General of the Internal Market has been appointed Director of Development Studies in the Directorate-General for Overseas Development.

M. Jean-Pierre Cleenewerck de Craeyencour has been appointed head of the Liberal Professions, Insurance and Banks Division in the Directorate of Right of Establishment and Services of the Directorate-General of the Internal Market.

M. Gian Valerio Dal' Pero Bertini has been appointed head of the "International Governmental Agricultural Organizations" Division in the General Affairs Directorate of the Directorate-General for Agriculture.

M. Rolf Sannwald has been appointed head of the Publications and Non-member Countries Division of the Statistical Office of the European Communities.

M. Lenhard Gleske, Director for Monetary Problems (Directorate-General of Economic and Financial Affairs), whose resignation had been accepted by the Commission, relinquished his functions on 31 March 1964.

V. Institutions and organs

A. THE PARLIAMENT.

The Parliament met in plenary session from 20 to 25 March 1964.

At this session it elected the new President and Vice-Presidents. The Parliament went on to hold an important debate on the economic situation in the Community and to hear a report by the President of the Councils of the European Communities on the Councils' activities.

On 21 March M. Jean Duvieusart, a former Belgian Prime Minister, was elected President for a year.

He follows M. Gaetano Martino (Italy), whose term of office had expired, and is the Parliament's fourth President. The first two were M. Robert Schuman (France) and M. Hans Förler (Federal Republic of Germany).

Of the Parliament's new Vice-Presidents four were re-elected: M. Fohrmann (Luxembourg), M. Förler (Federal Republic of Germany), M. Vendroux (France) and M. Rubinacci (Italy); and four were newly appointed: M. Brunhes (France), M. Kreyssig (Federal Republic of Germany), M. Battaglia (Italy) and M. Kapteyn (Netherlands).

In his first address as President, M. Duvieusart stated that the Parliament's mission was to ensure that the progressive unification of Europe and its integration in many spheres came about in a democratic spirit. M. Duvieusart added that the Parliament needed new and wider powers and that, to be able to fulfil its mission, it must be elected by direct suffrage, since direct elections were the supreme way of moulding a true and profound European mentality.

The President of the Council, M. Fayat, Minister of State at the Belgian Ministry of Foreign Affairs, then surveyed the Council's recent activities and prospects for the near future.

Speaking of the Community institutions, M. Fayat recalled that the Council had before it various reports on the widening of the Parliament's powers and that the main outstanding problems relating to the merger of the Executives were how many members the single Executive should have and where the institutions should be situated.

The ensuing discussion dealt chiefly with the institutions. Certain speakers wanted a single Commission with 14 or 15 members which would reflect the diversity of political currents and the many-sidedness of democracy. The Parliament once again called for its powers to be widened in the way of budgetary control, right of censure, etc. It also asked to be consulted on the choice of the future seat of the Community institutions.

The Parliament debated and adopted the following resolutions concerning the EEC:

Resolution on the EEC Commission's statement on the economic situation in the EEC in 1963 and prospects for 1964 (see Ch. IV, sec. 17).

Resolution expressing the European Parliament's opinion on the draft EEC supplementary budget for the 1964 financial year (see Ch. IV, sec. 50).

Resolution on the EEC Commission's Action Programme regarding social policy in agriculture.

Resolution expressing the European Parliament's opinion on the Commission's proposed regulation to amend Council Regulations Nos. 19-23 in order to insert a reference to the objectives to be attained.

Resolution expressing the European Parliament's opinion on the proposed regulation concerning arrangements applicable to rice and broken rice imported from the associated African States and Madagascar and from the overseas countries and territories (see Ch. IV, sec. 45).

Resolution on the Trade Agreement of 14 October 1963 between the EEC and Iran.

Resolution concerning the UN Conference on Trade and Development.

THE COUNCIL

125th session

The 125th session of the Council was held on 2 and 3 March 1964, with M. Charles Héger, Belgian Minister of Agriculture, in the chair. The session was devoted to agriculture.

The Council began with a full exchange of views on the problems arising from the establishment of cereal prices for the 1964/1965 marketing year (see Chap. IV, sec. 27).

The Council then examined transitional measures to be taken regarding refunds on exports of slaughtered poultry. It was arranged that the gentleman's agreement to reduce refunds under Article 7(1 *b*) of the poultrymeat regulation, made by the representatives of the Member States meeting in the Council during the session of 30-31 May 1963, should continue in force until 30 June 1964. Belgium is to apply the agreement again from 6 April 1964.

The Council adopted in principle a proposed regulation fixing lower and upper limits of guide prices for beef and veal for the marketing year beginning 1 April 1964 (see 126th session).

The Council adopted a proposed regulation fixing the levies applicable between 1 April and 30 June 1964 on imports of pigmeat and pigmeat products from non-member countries.

The Council authorized Belgium to fix intervention prices for best home-produced fresh butter, in derogation from Article 21 of the regulation on milk and milk products (see Chap. IV, end of sec. 32).

The Council decided to suspend the duty in the common customs tariff on molasses (heading 17.03 B IV) until 30 September 1964.

126th session

The 126th session of the Council was held on 9 and 10 March, with M. Charles Héger, Belgian Minister of Agriculture, and M. Henri Fayat, Minister of State at the Belgian Ministry of Foreign Affairs, presiding successively.

In the sphere of agriculture the Council continued to examine the proposed decision fixing the upper and lower limits of national target prices for the first milk marketing year under the new regulation, and decided to take the matter up again at its next session.

The following questions were then dealt with:

Pharmaceutical products

The Council examined a first draft directive on the approximation of laws and regulations relating to pharmaceutical products. It was agreed that work should continue on this at a forthcoming session.

The Council also decided to submit a second draft directive to the European Parliament and to the Economic and Social Committee for their opinions.

Application of Article 85(3) of the Treaty

The Council decided to ask the European Parliament and the Economic and Social Committee for their opinions on a proposed regulation concerning application of Article 85(3) of the Treaty to categories of agreements, decisions and concerted practices by enterprises.

Technical assistance — operation of new hospital at Mogadishu, Somali Republic

The Council authorized the Commission to finance for three years, from the resources of the first European Development Fund, a large part of the cost of the medical staff needed for the hospital which has been built at Mogadishu with the help of the Fund (see Chap. IV, sec. 48).

GATT — Kennedy round

The Council noted information received from the Commission on recent developments in the preliminary talks taking place at Geneva, and in particular of the contacts the Commission had recently with the USA.

UN Conference on Trade and Development

The Council decided that the attitudes of the Member States would be co-ordinated throughout the Conference, and established a common position for the Six on matters concerning its organization.

The Council then dealt with institutional questions, as these may be raised, and also with the substance of the Conference. Agreement was reached on a common approach to various items.

Israel

The Council gave the Community delegation wider powers for further negotiations on a trade agreement with Israel (see Chap. IV, sec. 3).

Lebanon

The Council decided that negotiations should be opened shortly for a trade agreement with Lebanon.

127th session

The 127th session of the Council was held on 23 and 24 March 1964, with M. Charles Héger, Belgian Minister of Agriculture, in the chair. The session was devoted to agriculture.

The Council adopted a decision fixing the upper and lower limits of the national target prices for the first milk marketing year (see Chap. IV, sec. 32). It also adopted a resolution on target prices for the following marketing years.

The Council approved a proposed regulation fixing the limits of the target prices for rice in the producing Member States, and the threshold price for rice and broken rice in non-producing Member States, with effect from 1 July 1964 (see Chap. IV, sec. 45).

The Council adopted a regulation extending until 30 June 1965 the validity of Regulation No. 85/63, concerning the determination of sluice-gate prices and surcharges and establishing transitional arrangements for cost of pork, pigmeat preparations and preserves. The Council also adopted a regulation amending the list of products as regards certain pigmeat products (see Chap. IV, sec. 29).

The Council discussed the Commission's proposal fixing prices of cereals for the 1964/1965 marketing year. It was agreed that the matter would be considered further at the session on 14 and 15 April.

The Council decided to ask the European Parliament for its opinion on the proposed regulation concerning gradual establishment of a common organization of the market for sugar.

128th session

The 128th session of the Council was held on 25 March 1964, jointly with the Council of Euratom. M. Henri Spaak, Belgian Deputy Prime Minister and Minister of Foreign Affairs, was in the chair.

The Councils continued to study problems raised by the projected merger of the EEC and Euratom Commissions and the High Authority of the ECSC, and the Councils of these Communities. They also considered proposals by certain delegations on strengthening the powers of the European Parliament.

The Council of the EEC then discussed matters concerning the Community's external relations.

THE COURT OF JUSTICE

Cases pending

Case 6/64

On 19 March 1964 the Court of Justice notified the Commission of a request for an interlocutory ruling submitted to it by order of the "Vice conciliatore" of Milan on 23 January 1964. A ruling is requested on whether the Italian law of 6 December 1962 instituting the ENEL and the presidential decrees of 15 December 1962 are compatible with the Treaty of Rome and, in particular, Articles 37, 53, 93 and 102 thereof.

Case 7/64

On 3 March 1964 the Kingdom of Belgium filed a suit with the Court of Justice for annulment of the EEC Commission's decision of 19 December 1963 authorizing Federal Germany to impose countervailing charges on imports of dextrans and soluble or roasted starches from other Member States.

Case 8/64

On 18 March 1964 the Court of Justice notified the Commission of a suit filed by an official of the Commission (Case 8/64 — M. Cohen v. EEC Commission).

This is a suit for annulment of an administrative decision refusing the applicant a family allowance.

Case 10/64

On 27 March 1964 a new suit was filed by an official against the Commission (Case 10/64 — M. Jullien v. EEC Commission). The applicant contests the Commission's refusal to place him in the grade to which he considers himself entitled.

Rulings

Case 18/63

Mme Schmitz v. EEC Commission — suit for annulment of a decision by the administration refusing to establish the applicant.

The Court rendered its decision on 19 March 1964 to the effect that:

- a) The respondent's decision not to prolong the applicant's contract is annulled;
- b) The applicant must be considered still in the service of the respondent;
- c) The respondent must pay the applicant her monthly salary from 1 February 1963, less 15% for the period between 1 February 1963 and the date of the present decision;
- d) The application for annulment of the decision contained in the letter of 1 March 1963, addressed to the applicant by the Director-General of Administration, stating that establishment procedure could not be applied to her in accordance with Article 102 of the Statute of Service of officials of the EEC is rejected;
- e) The respondent must admit the applicant to the competitive examination held in accordance with Article 29 (1 b) of the Statute of Service of officials of the EEC for the post announced in the Commission's notice of vacancy No. 87.

Consolidated cases 20 and 21/63

M. Maudet v. EEC Commission — protest against the establishment procedure applied to the plaintiff and against his grading.

The Court rendered its decision on 9 March 1964 to the effect that:

- a) Suit 20/63 for annulment of the Commission's decision to establish the applicant in Grade A4 is rejected;
- b) The decision, attacked in case 21/63, which rejected the applicant's appeal and refused to establish him in Grade A3 is annulled.

Case 27/63

M. Raponi v. EEC Commission. Suit for annulment of the Commission's decision of 13 February 1963 appointing the Director of Internal Affairs in the Directorate-General of Administration.

The Court rendered its decision on 19 March 1964 to the effect that: the decision of 13 February 1963, by which the EEC Commission appointed M. D. Strasser Director of Internal Affairs in the Directorate-General of Administration, is annulled.

Case 75/63

Mme N.K.H. Unger v. the Bedrijfsvereniging voor Detailhandel en Ambachten, Utrecht.

Interlocutory ruling on the interpretation of Council Regulation No. 3 on the social security of migrant workers.

The Court rendered its decision on 19 March 1964 to the effect that:

a) The concept of "workers" in Articles 48-51 of the Treaty and that of "employed persons treated as such" used by Regulation No. 3 have a Community significance;

b) The concept of "employed persons or persons treated as such" covers persons in the applicant's situation, such persons enjoying the rights laid down by Article 19(1) of Regulation No. 3, whatever may be the reason for their residence abroad, and Article 19 takes precedence of any different principle of national law.

Cases 98/63 and 99/63

M. Erba v. EEC Commission and M. Reynier v. EEC Commission.

Both were suits for annulment of the Commission's decision to publish notice of vacancy No. 1064.

On 18 March 1964 the Court ordered these two cases to be struck off.

VI. European Investment Bank

On 19 March 1964, the European Investment Bank concluded a loan agreement with the Public Power Corporation (PPC), for the financing of a power project. This corporation, established in Athens, is in charge of the production, transport and distribution of power throughout Greece.

The contract was signed in Brussels by M. A. Kalinski, member of the board of directors and Director-General of the Public Power Corporation, and by M. H.K. von Mangoldt, Vice-President of the European Investment Bank.

The convention on the guarantee of the Greek State for this loan was signed on the same day by H.E. M. G. Christopoulos, Greek Ambassador Extraordinary and Plenipotentiary to Belgium, representing the Minister of Finance of the Kingdom of Greece, and by M. H.K. von Mangoldt, Vice-President of the European Investment Bank.

The project aims at the construction of overhead lines for the transport of the electric power produced by the Kremasta hydro-electric power station on the Acheloos river, which will have a capacity of 500 MW. These lines, the length of which totals 493 km, form part of the Greek high tension network.

The cost of the Kremasta power station is estimated at some \$70 million. The Bank contributes to the financing of the high tension lines, the cost of which is estimated at \$8.9 million, by a 20-year loan of \$6 million, bearing interest at 5 7/8% per annum.

In accordance with the stipulations of the Financial Protocol annexed to the Association Agreement, the Member States of the European Economic Community grant an interest reduction of 3% per annum for this loan.

On 19 March 1964, the European Investment Bank concluded a loan agreement with the National Highway Fund, an institution of Greek public law in charge of the construction and upkeep of highways, for the financing of a highway project.

The contract was signed in Brussels by H.E. M. G. Christopoulos, Greek Ambassador Extraordinary and Plenipotentiary to Belgium, and H.E. M. C.N. Tranos, Ambassador, Permanent Delegate of Greece to the EEC, representing respectively the Minister of Finance and the Minister of Public Works of the Kingdom of Greece, and by M. H.K. von Mangoldt, Vice-President of the European Investment Bank.

The project aims at the completion of a new road between Athens and Corinth. This 69 km long road had to be improved in order to meet present traffic requirements as well as the foreseeable traffic increase. By this road, the Greek economy will have at its disposal a modern traffic link between Athens and Western Greece. Here traffic is particularly dense because of the nearby industrial areas, situated west of Athens, and because of the traffic to and from Western Europe by way of the Athens-Corinth-Patras-Ioannina-Igoumenitsa link.

The project cost taken into consideration by the Bank amounts to \$4.1 million, toward which the Bank contributes \$2 million by a 15-year loan, bearing interest at a rate of 5 7/8% per annum.

This loan is underwritten by the Greek State. In accordance with the stipulations of the Financial Protocol annexed to the Association Agreement, the Member States of the EEC grant an interest reduction of 3% per annum.

This loan constitutes the second intervention of the European Investment Bank in the transport sector in Greece.

Miscellaneous

New Information Office

On 16 March an Information Office of the European Communities (the Common Market, the Coal and Steel Community, and Euratom) was opened at 72, Rue de Lausanne, Geneva.

M. Norbert Kohlhase is in charge of it. Like the other Community offices already set up in Bonn, The Hague, Paris, Rome, London and Washington, the new office will keep press and public informed on the various aspects of the European integration process.

ANNEX I

Resolution concerning the EEC Commission's statement on the economic situation in the EEC in 1963 and on the outlook for 1964

The European Parliament,

Having taken note of the statement made by M. Marjolin on behalf of the EEC Commission, concerning the economic situation in the Community in 1963 and the outlook for 1964, and also of the accompanying report by its Economic and Financial Committee;

Joins the EEC Commission in welcoming the growth of gross national products in the Community in 1963, accompanied by an increase in intra-Community trade;

Shares nevertheless the Commission's concern over the rise in prices and production costs which is manifestly causing a growing deterioration in the Community's internal equilibrium and in its balance of payments;

Is alarmed at the prospect that these tendencies are likely to persist in 1964, owing both to internal factors and to the international economic situation, and hence, failing adequate counter-measures, that the present inflationary pressure will be aggravated;

Believes that such a trend may jeopardize the economic growth of the Community and give rise to serious disparities in the distribution of income and wealth, both within and between Member States;

Commends therefore the EEC Commission for addressing a solemn warning to the responsible authorities in the EEC and in the Member States;

Shares accordingly the EEC Commission's view that a balanced system of stabilization measures for adoption by the Governments of the Member States must be worked out and applied, if possible after consultation at Community level, for otherwise a fresh rise in prices and production costs will take place and the severest consequences of inflation will inevitably fall upon the least-favoured sections of the population;

Endorses the general principles of the programme recommended by the EEC Commission, provided that this programme is carried

out, in both the public and private sectors, in a manner adapted to each individual country and without the burden of it being borne by the least-prosperous sections of the population; in this way the economies of the Member States may be expected to move towards a restoration of the general equilibrium;

Agrees with the EEC Commission that it is highly desirable for the main economic and social groups to be associated in this effort to attain stabilization;

Hopes, together with the EEC Commission:

i) That further measures will be taken to rationalize production in the Member States, and that the Council of Ministers will examine the possibility of granting the EEC Commission wider powers in the matter of co-ordinating the conjunctural policies of the Member States;

ii) That a common policy, in accordance with the spirit and letter of the Treaty of Rome, for co-ordinating the financial and economic policy and for maintaining the financial and economic equilibrium of the Community may thus be evolved, as the Parliament has repeatedly urged;

iii) That before drawing up their budget proposals the Governments of the Member States will discuss them together and in conjunction with the EEC Commission;

Considers that in the present circumstances public expenditure, taken in its widest sense, should only be allowed to increase in so far as there is a corresponding increase in gross national product;

Instructs its President to transmit the report of its competent Committee to the EEC Commission;

Instructs its competent Committee to follow closely the activities of the EEC Executive and Council of Ministers in matters of economic and financial policy.

Extracts from Resolution concerning the EEC Commission's action programme to implement a social policy in agriculture

The European Parliament,

[...]

Having taken note of the action programme to implement a social policy in agriculture, the report on this subject by the Social Committee, and the opinion rendered by the Agricultural Committee;

Urges the EEC Commission to submit, on the basis of Article 41 of the Treaty, proposals for a programme of vocational training for farmers and paid farm-workers;

[...]

Welcomes the creation of the Joint Advisory Committee on the social problems of paid farm-workers and the Advisory Committee on the social problems of farmers;

Stresses the importance of improving housing conditions in rural areas and in regions where these conditions are unsatisfactory, by co-ordinated action of the Member States at Community level, more especially by granting loans at moderate rates of interest;

[...]

Considers that the subjects dealt with in the action programme form an acceptable basis for social policy in agriculture;

Requests that all necessary attention be given to the frequently difficult situation of women and children employed in agriculture, in particular the nature of the work they perform on the farm;

[...]

Stresses the necessity for social policy in agriculture to aim at rapidly ensuring for all workers in this sector a social position equivalent to that of workers in the other sectors of the economy, more especially by increasing their incomes, and endorses the view that absolute priority must be given to this objective;

Considers that the difficulties in certain regions or branches of agriculture regarding the financing of social insurance ought not to hinder attainment of equality in this field, but that in these cases financing should, if necessary, be made possible by appropriate transitional measures;

Considers that this levelling should apply to wages, working hours and other working conditions and social security systems;

Draws attention to the importance of the pay question, and in particular a reasonable minimum wage; and considers that, if the employers' and workers' organizations, who are primarily responsible in this matter, should fail to meet their obligations, it is the duty of the Governments of the Member States, and ultimately of the EEC Commission, to ensure such a reasonable minimum wage by taking appropriate, and if need be varying, measures;

Believes that there is a close connection between general agricultural policy and social policy in agriculture, and consequently feels that in the general agricultural policy of the Community a place must be found for an appropriate social policy;

[...]

[...]

Hopes that account will be taken of social objectives, and especially of employment policy, in implementing policy on agricultural structures and regional policy;

Requests the EEC Commission to take steps without delay to ensure that, in countries where the existing regulations are still inadequate, provisions are made to protect farmers and farm-workers against the dangers arising from the use of agricultural machinery and toxic products;

Requests the EEC Commission to supply the European Parliament with details of the decisions taken regarding the recently established European Agricultural Guidance and Guarantee Fund, in particular regarding financial aid for projects concerning structural policy and employment;

[...]

Considers that farmers should be enabled to assume full responsibility for the conduct of their enterprises, by help in buying their farms through long-term, low-interest loans or by a policy assuring their security of tenure.

Resolution on the trade agreement concluded between the
European Economic Community and the Imperial Government:
of Iran on 14 October 1963

The European Parliament,

Having taken note of the trade agreement between the European Economic Community and the Imperial Government of Iran, concluded on 14 October 1963 and coming into force on 1 December 1963;

Having taken note of the report by its competent Committee on this agreement:

1. *Expresses* its satisfaction that the agreement was concluded by the Community procedure laid down in Articles 111, 114 and 228 of the Treaty, which should also be followed in concluding future association agreements;

2. *Protests* that the arrangements laid down in the present agreement do not correspond with the text published in the official gazette of the European Communities and that, in particular, from the latter one clause is missing which prescribes that, after the entry into force of the Association Agreement between the European Economic Community and Turkey, the tariff quota granted in the Agreement with Iran will be automatically reduced;

3. *Protests* also at the absence of any indication of the provisional nature of the apportionment of the quota among the Member States;

4. *Regrets* that the quota is divided into national quotas administered by the national authorities;

5. *Hopes* that the system finally adopted regarding the tariff quota granted to Iran will be of a truly Community character;

6. *Draws* attention to the necessity, when quotas are granted to non-member countries, of allowing for subsequent disturbance of the arrangement, notably in the sphere of common agricultural policy;

7. *Reserves* the right to revert to the matter of Community quotas as soon as the competent institutions submit a proposed regulation on the subject;

8. *Stresses* again the urgent need to work out a common view as to the general commercial policy the EEC should pursue towards non-member countries.

ANNEX II

Action by the Commission in pursuance of
Treaty rules on competition

Commission recommendation to the members of "a cartel"
concerning infringements of Article 85 of the EEC Treaty

This recommendation is a version, with direct references omitted, of the first recommendation to be addressed by the Commission to members of a cartel on the basis of Article 3(3) of Council Regulation No. 17, the first regulation made under Articles 85 and 86 of the Treaty.

I

In pursuance of Article 89 of the EEC Treaty the Commission had already begun an *ex officio* investigation of the cartel before Council Regulation No. 17 was issued. After that regulation came into force, the representative appointed by the cartel to the Commission made a request for negative clearance in accordance with Article 2 of the regulation.

In case this request should be rejected, he registered the agreements forming the cartel with the Commission in accordance with Article 5 of the regulation in order to have Article 85(1) declared inapplicable by virtue of Article 85(3).

A summary of the case and the Commission's findings are given below.

Before Regulation No. 17 took effect, the representatives of two trade associations in a Member State ⁽¹⁾ on the one hand and ten manufacturers from three Member States on the other signed the above-mentioned agreement which governs the purchase and sale of certain products on the market of Member State A. Subsequently, manufacturers from two other Member States and one from a non-member country became parties to the agreements, bringing the number of manufacturers up to 29.

The agreement, which was made before Regulation No. 17 came into force, covers certain specified building materials and accessories.

Both trade associations party to the agreement represent the interests of independent processors of and dealers in the products subject to the agreement operating in Member State A. In the agreement they are referred to as "buyers"; the producers, however, do not sell the goods to the trade associations, but to dealers and processors who have the status of "approved customers" under the cartel.

According to Article 1 of the agreement, its purpose is "to improve the normal distribution of goods which are the subject of the agreement, to promote their sale and satisfactory processing and to strengthen goodwill between the interested parties". According to the signatories of the agreement, these objects are to be attained mainly through an undertaking by the manufacturers to deliver the products which are the subject of the agreement only to approved customers, and by the approved customers not to buy or process such goods unless they originate from manufacturers party to the agreement.

In selling such goods obtained from the manufacturers, the approved customers in principle have a free hand; they are only prohibited from receiving supplies of the products from non-approved importers or manufacturers not party to the agreement; they are not obliged to supervise the processing of the goods by their customers.

Approved customers who do not belong to the trade associations party to the agreement must, on purchasing goods specified in the agreement, pay the manufacturer a surcharge of x% on the normal purchase price shown on the invoice. This surcharge is paid by the manufacturers into a common fund for advertising and organization purposes. The representative of the cartel stated that the members of the two above-mentioned trade associations "do not pay this surcharge, because they pay large subscriptions to their associations which pursue the same aims."

(1) Hereinafter called "Member State A".

The approved customers may be released from the exclusive dealing obligation only by the cartel and in principle only for products specified in the agreement "that unmistakably differ from the products of the manufacturers party to the agreement". Likewise the manufacturer may be granted exemption from the exclusive dealing condition only by the cartel, but no rules on this matter are laid down.

In the event of default on the obligations assumed, manufacturers may be fined and customers may be temporarily or indefinitely removed from the list of approved customers.

A new trade association may accede to the agreement only by consent of the associations which already belong to the cartel; the admission of a manufacturer as a new member needs the approval of all the manufacturers party to the agreement. The agreement contains no rules governing the acceptance or refusal of an application for membership submitted by a trade association or a manufacturer. One association's application for membership was refused with the observation that the unanimous consent of the member associations could not have been obtained.

Approved customers must make on admission a declaration accepting the obligations of the cartel. The conditions for admission are laid down partly in the agreement and partly in a decision of the cartel.

General contractors and manufacturers or persons representing such firms or associations thereof are expressly debarred from admission as approved customers. Since one condition for admission is that the applicant must be an independent processor of or dealer in the products covered by the agreement, the manufacturers must further decline to supply any public authorities or corporations, mining companies, factories, religious orders or private individuals.

Before admission customers must be entered on the commercial register as independent processors or dealers, have carried on such activities for a year and attained a certain turnover, and possess appropriate business premises and, in principle, a certain stock. The products in question may be obtained by processors and dealers before admission only from approved customers or from manufacturers not party to the agreement. An approved customer, moreover, must declare himself prepared to allow observers from the cartel to check his fulfilment of obligations, to maintain the conditions for membership in his branch of activity, and to recognize as valid the removal by the cartel of an approved customer from the list. At present several hundred independent processors and dealers established in Member State A are parties to the agreement having been admitted as approved customers.

There is no provision for appeal against a decision to reject an application for membership, not to recognize a new customer or to remove an approved customer from the list.

While all manufacturers in Member State A belong to the cartel, a number of manufacturers in other Community countries have not joined; likewise, a small minority of purchasers in Member State A who could qualify as approved customers did not apply to be admitted as such. These purchasers and others, such as general contractors, who cannot qualify as approved customers, obtain supplies of the products in question partly from foreign manufacturers, both inside and outside the Community, who are not party to the agreement, and partly from approved customers. A fairly large proportion of the demand is accounted for by this class of purchasers, especially the general contractors.

[...]

The cartel representative submitted, *inter alia*, that the agreement provided all manufacturers in the Common Market who wished to join the cartel with a highly efficient distribution network, without restricting competition between them as to prices, quantity or quality; it therefore facilitated imports of the products in question from Common Market countries into Member State A. The admission of manufacturers of such products established within the Common Market had not involved any difficulties and was a mere formality. For the admission of approved customers objective requirements had been laid down which were designed to introduce authentic professional qualifications for processors and dealers in this branch, since in Member State A there were no regulations on the subject. The object of the agreement was thus to ensure that the work was placed in the hands of specialists, as this had proved necessary on account of the technical characteristics of the product; as delivered by the manufacturer it was semi-finished, and the quality of the finished product depended entirely on its careful selection for the purpose intended and correct processing. The distribution of the product had been improved, as the agreement had reduced to order the earlier chaotic situation of the market, in which manufacturers sold the products to all and sundry. The earlier situation had caused serious anomalies in the use of the products; on that account alone, there had been an appreciable decline in the numbers of final users. Since the entry into force of the agreement, sales figures had risen again; even imports of the products into Member State A had risen markedly. Approved customers could not be allowed to buy from manufacturers not party to the agreement because this would tend to encourage the system of selling indiscriminately, with its ultimate adverse effects on sales.

The agreement offered no possibility of eliminating competition in respect of a substantial part of the products covered by the agreement because final users could obtain them from any firm processing or selling them.

Furthermore, there was no restraint of competition between approved customers and manufacturers party to the cartel. All member manufacturers had to face competition from non-member manufacturers and from manufacturers of substitute products. If necessary, the members of the cartel were ready to revise the agreement so that, in the case of an application for admission as approved customer being refused, the possibility of appeal should be allowed and that every manufacturer established in the Common Market might *ipso facto* become member of the cartel on request.

III

The Commission is unable to say that there is no cause for it to take action in the case of this agreement. These agreements between manufacturers and purchasers concern exclusive dealing and come within the scope of Article 85(1) of the Treaty.

1. These are agreements between undertakings. The manufacturers are committed to observe certain market rules in relation to each other and to all approved customers, and the approved customers do likewise in relation to all manufacturers. No closer definition is needed to show that the manufacturers, dealers and processors party to the agreement are undertakings within the meaning of Article 85 of the Treaty.
2. These agreements between undertakings lead to restraint of competition in the Common Market.

Since the agreement took effect, the following situation has arisen on the market for the products which it covers. The commitment entered into by several hundred approved customers to buy and process only products manufactured by producers party to the agreement has the effect of excluding approved customers from other sources of supply. In purchasing such goods they cannot choose freely among all suppliers, but are tied to the group of manufacturers party to the agreement: likewise they may process only the products of these manufacturers.

Even consumers who want to have the products processed by one of the approved customers are compelled to choose the products of a manufacturer belonging to the cartel.

This limitation on the choice exercised by approved customers and consumers is by no means insignificant, since outside Member State A a considerable number of manufacturers of the products in question in the Common Market are not members of the cartel.

The agreements also have the effect of severely limiting the market outlets of non-member manufacturers; indeed since the agreement came into force they can supply in Member State A only general contractors and other non-approved customers, and not the financially interesting class of approved customers.

From the manufacturers' viewpoint the obligation to supply only approved customers also considerably limits outlets for the products in Member State A as they are debarred from supplying general contractors and other non-approved customers.

This obligation, furthermore, has the effect of cutting off general contractors and other non-approved customers in Member State A from important sources of supply in the Common Market, for they are barred from doing business with 28 important suppliers of the products in the Common Market. This limitation on the choice open to non-approved customers also has an appreciable influence on the market situation since general contractors in Member State A are large buyers of the products in question.

Consequently the collective and reciprocal exclusive dealing obligation means not only a limiting of normal outlets for all suppliers — both members and non-members of the cartel — but also to a limiting of normal possibilities of supply for all purchasers of the products in Member State A. The agreements have the effect of splitting a single market into two: manufacturers belonging to the cartel and their approved customers on the one hand and non-member manufacturers and non-approved customers on the other. Competition between member and non-member manufacturers is eliminated, likewise competition between approved and non-approved customers as direct purchasers from manufacturers.

The reciprocal exclusive dealing obligations of the agreement therefore limit competition in the Common Market.

In consequence it is superfluous to examine whether other clauses of the agreement, in particular the discriminatory terms for supply of the products to approved customers (x% surcharge for approved customers who do not belong to the two trade associations that are party to the agreement), limit or distort competition in the Common Market.

3. Agreements that limit competition are also liable to harm trade between Member States.

The artificial splitting of the market in Member State A by reciprocal exclusive dealing obligations has an unfavourable effect on trade between Member States. In consequence of the agreements, even after States have removed all trade barriers, a manufacturer of the products from another Member State will not be able to supply the whole market in Member State A; he can — if he joins the cartel — supply only approved customers or — if he does not join — he can sell to the economically just as important class of customers consisting of general contractors and other non-approved customers.

Likewise, users in Member State A have only a somewhat limited possibility of purchasing from other Member States. If they are able and willing to obtain the status of approved customer, they cannot choose from among the most favourable offers in the Common Market but must consider only the offers of manufacturers belonging to the cartel. Even more disadvantageous are the effects of the exclusive dealing obligations on the import possibilities of those purchasers who do not wish to acquire the status of approved customer or cannot do so because, for example, they are general contractors. If one leaves aside the four manufacturers in Member State A and the one manufacturer in a non-member State, buyers in Member State A who are not approved customers are deprived of the possibility of buying the products in question from 24 large producers in other Member States.

It therefore follows that the agreements considerably handicap exports to Member State A by manufacturers in other Member States and limit the choice of users in that Member State in importing from other Common Market countries.

The harmful effects of the reciprocal exclusive dealing obligations are not eliminated by the possibility of joining the cartel, which according to the cartel representative's statement is open to practically all Common Market producers. Apart from the fact that the admission of a new member needs the unanimous approval of all member manufacturers, it cannot be expected that all manufacturers who are interested in exporting to Member State A should bow to the requirements of a private organization. But even if all manufacturers of the products in question in the Common Market were admitted to the cartel, this would not undo the damaging effects of the agreements on trade; the position of general contractors and other non-approved customers would only be aggravated because their possibilities of importing from other Member States would disappear completely. This large class of buyers would

then be compelled to deal only with producers in non-member countries and this would mean that all producers in the Common Market would lose a sizeable proportion of market outlets in Member State A.

It cannot be argued against this that since the entry into force of the agreement imports of the products into Member State A have risen considerably. Apart from the fact that, before the agreement came into force, there was already a steady increase in imports of the products in question from other Member States into Member State A, the rapid lowering of national trade barriers by the EEC Treaty since 1958, the favourable business situation within the Community, especially in building and construction, and the progressive integration of markets have in general led to a very considerable growth in trade between member countries.

In view of these factors favouring trade in the products in question and the unmistakable effects of the agreement on trade, the rise in imports of the products into Member State A does not alter the fact that the agreement is of a nature to harm trade between Member States.

The provisions of Article 85(1) cannot be declared inapplicable, by virtue of Article 85(3), to the exclusive dealing agreements under discussions because the conditions laid down in the Treaty for the application of Article 85(3) are not all fulfilled.

1. In order to claim benefit of Article 85(3) the agreement should be such as to help "improve the production or distribution of products or to promote technical or economic progress".

One of the aims of the agreement is to further the satisfactory processing of the products in order to prevent a falling-off of consumers. In principle this should certainly tend to promote technical progress. By its very nature, however, the agreement can contribute at the most only incidentally to the attainment of this object. The criteria for membership as an approved customer do not go very far towards establishing the professional qualifications of such a customer. The agreement contains no clauses which could directly and decisively promote the correct processing of the goods in question, such as requirements relating to the occupational qualifications of the workers or technical provisions on the treatment of the products. Achievement of the declared aim is further impeded by the fact that approved customers may sell the products or manufacturers party to the agreement to any willing buyer without being obliged to supervise processing. Thus the agreement does not prevent processing by unskilled hands. Furthermore, the exclusion

of whole classes of customers, such as general contractors, from direct supply by producers belonging to the cartel is not likely to help to achieve the declared object since general contractors may also have skilled men in their employ. Their important position in building and construction in Member State A in itself argues that they are not necessarily incapable of handling the products properly. Nor does the clause prohibiting approved customers from purchasing or processing products of non-member manufacturers seem likely to promote correct processing. The cartel representative made no claim that the products of non-member manufacturers were of inferior quality or that they could not be satisfactorily processed.

The agreement therefore has the effect of guaranteeing outlets for the products of member producers rather than the efficient processing of the said products.

Another aim of the agreement is to improve the distribution and sale of the products. According to the representative's statement, distribution of the products has been improved because the agreement provides all producers who wish to join it with a highly efficient sales network without restricting competition between them. But in fact no special sales network has been set up by the agreement; each manufacturer must, as before the entry into force of the agreement, enter into direct commercial relations with any approved customer. It cannot be considered that sales have been made much easier for the producer just because he receives a list of several hundred regular purchasers of the products in question when he joins the cartel. Any producer can obtain such a list of processors and dealers without much expense. Moreover, this slight easing of marketing conditions for member manufacturers is offset by the more serious prejudice to imports into Member State A which, as explained in section III, 3, results from the ban on dealings between member producers and non-approved customers as well as between non-member producers and approved customers.

There are thus no grounds for finding that the agreements facilitate the sale of the products in question in Member State A and consequently help to improve the distribution of the products.

According to the cartel representative's statement, distribution has also been improved because the agreement has banned indiscriminate sales of the products by manufacturers; selling to all and sundry, he claimed, had led to faulty processing and consequently to a marked decline in the numbers of final users. This does not seem to be a sound argument because, as has already been shown, the agree-

ment by no means makes it more probable that the product will be processed by skilled workers. Moreover, there is no indication that final users had turned away from the product before the agreement took effect because it was not satisfactorily processed; at least the cartel representative could offer no proof of this. From the figures he quotes, it appears that both production of the goods by manufacturers in Member State A and consumption on the market of that Member State rose steadily from 1947 to 1957 inclusive. In 1958 and 1959, however, there was a decline in sales on the markets of Member State A and another Member State. But this decline can hardly be attributed to a loss of customers for the said products since consumer habits would not have changed abruptly in 1958 and 1959. The decline in 1958 and 1959 and the advance in 1960 coincided with diminished and increased consumption in those years. This movement of demand for the products in question is due mainly to trends in the building and construction sector. In 1957, 1958, 1959 and 1960 the consumption curve of the products in question can be seen to run parallel to the consumption curve of other more important building materials used by the industry.

The demand for materials by the building and construction industry also influences the production of bricks etc. and lime.

Demand for and deliveries of these materials fell away owing to a fairly sharp decline in the number of building licences issued and buildings completed in 1958.

The cartel representative's assertion therefore cannot be considered satisfactory when he says that consumers were turning away from the products in question on account of improper processing and that only the agreement brought this trend to a halt.

The obligation on approved customers to maintain a minimum stock may be said to contribute to improving the distribution of products. Whether the holding of a minimum stock helps distribution of the products depends, however, on the circumstances of the individual case, for example, the delivery dates of the manufacturer, storage capacity and the nature of demand. Although a large part of the demand is for products required for fitting out new buildings and therefore there is no immediate consumer need, and although the diversity of patterns and quality seldom allow replacement needs to be met from a small or medium stock, a minimum stock can improve the distribution of products on the market concerned. This is particularly true if there is an emergency demand for materials required for small-scale jobs.

2. There is, however, no need to dwell any longer on the question whether the agree-

ment helps in this way to improve the distribution of materials. Even if it is admitted that a minimum stock held by dealers and independent processors contributes to the improvement of distribution on the market in question or that the agreement, contrary to the Commission's belief, contributes to technical or economic progress by promoting the correct processing of the products and a fair share of the benefit is passed on to the consumer, Article 85(3) can still not be applied because the agreement imposes on manufacturers belonging to the cartel and on approved customers restrictions which are not indispensable for the achievement of these aims (Article 85, 3 a).

Application of Article 85(3) presupposes that the purposes referred to cannot, or at least not with sufficient certainty, be fulfilled without the restrictions placed on competition by the agreement — in this case the reciprocal exclusive dealing clauses. This requirement has not been met. The obligation on approved customers to buy and process only goods manufactured by producers party to the agreement is not indispensable in order to ensure minimum stocks. Should competition among processors and dealers not of itself lead to stock-building, it would be primarily the business of the individual manufacturer, in order to encourage the necessary stock-building, to supply only customers who have a minimum stock. But it is not clear why the obligation on approved customers to buy and process only the products of member manufacturers should be indispensable for the maintenance of minimum stocks.

The same applies to the correct processing of the materials. Even if processing were confined to the group of approved customers, they should be able to deal with the products both of member and non-member manufacturers. It cannot be contended, and the cartel representative did not do so, that the approved customers would sell or use the products of non-member manufacturers less satisfactorily than those of member manufacturers.

The restrictions on the approved customers' choice of products to buy and process are therefore not indispensable in order to achieve the declared aims of the agreement, namely "satisfactory processing" and "improvement of the normal distribution" of the products concerned.

The cartel representative purported to justify the necessity of tying approved customers to member firms of the cartel by contending that without such an obligation non-member producers would be favoured economically and that indiscriminate selling would be encouraged. But this consideration does nothing to confirm that the exclusive dealing obligation imposed on approved customers is indispensable. Apart from the fact that

even approved customers are not prevented from reselling the products to anyone they like, this argument amounts to saying that the restrictions on competition imposed on approved customers are to be used as a means of economic pressure on manufacturers not belonging to the cartel.

In judging whether restrictions on competition are indispensable within the meaning of Article 85(3a), one must not consider the opinions of the parties to the agreement but decide objectively whether the restrictions are indispensable for the purposes set out in the said paragraph. All the objects of the agreement can be attained otherwise than by forbidding approved customers to buy or process the products of non-member manufacturers. Furthermore the obligation on manufacturers to supply only approved customers is not indispensable in order to promote the satisfactory processing of the products or to improve their distribution. For these purposes it would be sufficient for member manufacturers to sell only to customers who possess certain qualifications and satisfy certain objective requirements, such as the maintenance of a minimum stock. The exclusion of whole classes of customers such as general contractors is by no means essential. The cartel representative did not claim that the skilled men employed by general contractors were less competent than those working for approved customers.

In view of their position in the building industry of Member State A it cannot be inferred that general contractors are less qualified by comparison with approved customers, especially as the manufacturers belonging to the cartel do not exclude the processing of products (that they have supplied to approved customers) by general contractors, but only the direct sale of such products to the latter class of customer. It is not clear why the products should be processed any differently by general contractors if they were allowed to purchase the products directly from member manufacturers. As is well known, general contractors buy such materials on a scale far exceeding that of many approved customers, so that none of the declared aims makes it imperative to exclude them from direct sales.

In view of the foregoing considerations, Article 85(3) cannot be applied to the collective and reciprocal exclusive dealing clauses of this agreement.

3. It will be appreciated from the arguments set out above that the Commission's ruling on the case could not be otherwise even if the cartel representative's suggested amendments were made; these were the introduction

of legal protection in the case of refusal or withdrawal of the status of approved customer, and membership open unconditionally to all manufacturers of the products in the Community.

IV

In conclusion the Commission declares, after taking note of the written and oral submissions of the cartel representative and after hearing the Consultative Committee on Cartels and Monopolies (Article 10 of Council Regulation No. 17), that the collective and reciprocal exclusive dealing obligations of the agreement fall under the ban of Article 85(1) and that Article 85(3) of the Treaty cannot be invoked in their respect.

For these reasons and on the basis of Articles 85 and 155 of the Treaty and of Article 3(3) of Council Regulation No. 17, the Commission recommends the manufacturers, trade associations and approved customers party to the agreement to cancel before... 1963 those clauses of the agreement which impose the following obligations:

a) The obligation on approved customers to buy and process only products which are specified in the agreement and supplied by manufacturers belonging to the cartel;

b) The obligation on member manufacturers to supply goods specified in the agreement exclusively to approved customers.

Should the interested parties wish to act on this recommendation they may obtain from the Commission a decision on the application of Article 7 of Council Regulation No. 17.

Should the interested parties not wish to act on this recommendation they are at liberty, in accordance with Article 19(1) of Council Regulation No. 17, to inform the Commission by ... 1963 of their views on the Commission's complaints against them set out in the explanatory memorandum to this recommendation.

for the Commission

Brussels, ... 1963

(signed) J. Rey

Member of the Commission.

PUBLICATIONS OF THE EUROPEAN ECONOMIC COMMUNITY

A. Items concerning the activities of the European Economic Community published in the official gazette of the European Communities between 13 March and 14 April 1964

EUROPEAN PARLIAMENT

Written questions and replies

- No 130 de M. Pedini à la Haute Autorité de la CECA, à la Commission de la CEE et à la Commission de la CEEA. Objet: Politique commune dans le secteur de la recherche pétrolière (No. 130 by M. Pedini to the High Authority of the ECSC and to the EEC and EAEC Commissions: Common policy on oil prospecting) No. 46 17.3.64
- No 136 de Mme Strobel et M. Seifriz à la Commission de la CEE. Objet: Hausse des prix du saindoux due à l'organisation de marché de la CEE. (No. 136 by Mme Strobel and M. Seifriz to the EEC Commission: Higher lard prices due to the organization of the EEC market) No. 46 17.3.64
- No 133 de M. Vredeling à la Commission de la CEE. Objet: Interview accordée à la revue Agri Forum par le ministre des affaires étrangères danois (No. 133 by M. Vredeling to the EEC Commission: Interview with the Danish Foreign Minister published in "Agri Forum" magazine) No. 50 23.3.64
- No 138 de M. Sabatini à la Commission de la CEE. Objet: Prélèvements à l'exportation du secteur avicole (No. 138 by M. Sabatini to the EEC Commission: Refund of levies for exports of eggs and poultry) No. 50 23.3.64
- No 142 de M. Vredeling à la Commission de la CEE. Objet: Pourparlers entre la France et l'Union soviétique en vue de la conclusion d'un nouvel accord commercial (No. 142 by M. Vredeling to the EEC Commission: Talks between France and the Soviet Union on a new trade agreement) No. 50 23.3.64
- No 144 de M. Müller-Hermann à la Commission de la CEE. Objet: La navigation rhénane et la politique commune des transports (No. 144 by M. Müller-Hermann to the EEC Commission: Rhine shipping and the common transport policy) No. 50 23.3.64
- No 134 de M. Vredeling à la Commission de la CEE. Objet: Prix communautaire du blé et des céréales fourragères (No. 134 by M. Vredeling to the EEC Commission: EEC prices for wheat and feed-grains) No. 58 9.4.64
- No 139 de M. Vredeling à la Commission de la CEE. Objet: Aides françaises à l'exportation des pommes de terre (No. 139 by M. Vredeling to the EEC Commission: French aids to potato exports) No. 58 9.4.64
- No 140 de M. Vredeling à la Commission de la CEE. Objet: Procédure à suivre par les Etats membres pour assurer l'application des décisions des représentants des gouvernements des Etats membres de la CEE réunis au sein du Conseil (No. 140 by M. Vredeling to the EEC Commission: Procedure to be adopted by the Member States to give effect to decisions taken by the representatives of the EEC member Governments meeting in the Council) No. 58 9.4.64
- No 141 de M. Vredeling à la Commission de la CEE. Objet: Création d'un Fonds néerlandais de développement et d'assainissement de l'agriculture (No. 141 by M. Vredeling to the EEC Commission: Establishment of a Dutch farm development and reorganization fund) No. 58 9.4.64
- No 143 de M. Vredeling à la Commission de la CEE. Objet: Evolution du marché des œufs dans la CEE (No. 143 by M. Vredeling to the EEC Commission: Developments on the EEC egg market) No. 58 9.4.64

No 145 de M. Pedini à la Commission de la CEE. Objet: Définition d'une politique de la CEE et de ses Etats membres à l'égard des pays méditerranéens (No. 145 by M. Pedini to the EEC Commission: Need for a policy of the EEC and of its Member States with regard to the Mediterranean countries)	No. 58	9.4.64
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No 147 de MM. Margulies, Duvieusart, Kapteyn et Pedini à la Commission de la CEE. Objet: Exécution des projets financés par le Fonds de développement (No. 147 by M. Margulies, M. Duvieusart, M. Kapteyn and M. Pedini to the EEC Commission: Execution of schemes financed by the Development Fund)	No. 58	9.4.64
No. 149 de MM. Leemans et Posthumus à la Haute Autorité de la CECA et aux Commissions de la CEE et de la CEEA. Objet: Politique énergétique commune (No. 149 by M. Leemans and M. Posthumus to the High Authority of the ECSC and to the EEC and EAEC Commissions: Common energy policy)	No. 58	9.4.64
No 150 de M. Müller-Hermann à la Commission de la CEE. Objet: Situation des chantiers navals dans la Communauté (No. 150 by M. Müller-Hermann to the EEC Commission: The situation of Community shipyards)	No. 58	9.4.64

COUNCIL AND COMMISSION

Regulations

Règlement n° 24/64/CEE du Conseil, du 10 mars 1964, portant modification de l'article 13 du règlement no 3 et de l'article 11 du règlement n° 4 (léislation applicable aux travailleurs détachés et aux travailleurs exerçant normalement leur activité dans plusieurs pays) [Council Regulation No. 24/64/CEE, 10 March 1964, amending Article 13 of Regulation No. 3 and Article 11 of Regulation No. 4 (legislation applying to detached workers and to persons ordinarily working in more than one country)]	No. 47	18.3.64
Règlement n° 25/64/CEE du Conseil, du 10 mars 1964, portant fixation des limites inférieures et supérieures des prix d'orientation dans le secteur de la viande bovine pour la campagne débutant le 1er avril 1964 (Council Regulation No. 25/64/CEE, 10 March 1964, fixing the upper and lower limits of the beef and veal guide prices for the marketing year beginning 1 April 1964)	No. 47	18.3.64
Règlement n° 26/64/CEE de la Commission, du 28 février 1964, portant dispositions complémentaires sur l'établissement du cadastre viticole, son exploitation et sa tenue à jour (Commission Regulation No. 26/64/CEE, 28 February 1964, introducing supplementary provisions concerning the establishment and current administration of the viticultural land register)	No. 48	19.3.64
Règlement n° 27/64/CEE de la Commission, du 17 mars 1964, fixant le standard de qualité du riz à grains ronds (commun) décortiqué pour lequel est fixé le prix de seuil et le standard de qualité du riz paddy à grains ronds (commun) pour lequel est fixé le prix d'intervention (Commission Regulation No. 27/64/CEE, 17 March 1964, fixing the quality standard for husked round-grain (common) rice for which the threshold price is fixed and the quality standard for round-grain paddy (common) for which the intervention price is fixed)	No. 48	19.3.64
Règlement n° 28/64/CEE de la Commission, du 18 mars 1964, relatif à la fixation d'un montant supplémentaire pour les œufs de volailles en coquille (Commission Regulation No. 28/64/CEE, 18 March 1964, establishing a surcharge on imports of eggs in shell)	No. 48	19.3.64

Règlement n° 29/64/CEE de la Commission, du 19 mars 1964, fixant des coefficients d'équivalence entre certaines qualités d'avoine en provenance du Canada et le standard de qualité fixé pour le prix de seuil (Commission Regulation No. 29/64/CEE, 19 March 1964, fixing conversion factors between certain qualities of Canadian oats and the quality standard fixed for the threshold price)	No. 49	20.3.64
Règlement n° 30/64/CEE de la Commission, du 20 mars 1964, relatif à la conversion du riz paddy en riz décortiqué, pour un riz à grains ronds (commun) (Commission Regulation No. 30/64/CEE, 20 March 1964, concerning the conversion of round-grain (common) paddy into husked rice)	No. 50	23.3.64
Règlement n° 31/64/CEE de la Commission, du 17 mars 1964, portant, pour la période 1er avril - 30 juin 1964, adaptation et fixation des prix d'écluse pour les œufs de volailles en coquille et les volailles vivantes et abattues et fixation des prélèvements envers les pays tiers pour les œufs de volailles en coquille, les volailles vivantes d'un poids n'excédant pas 185 grammes et les volailles abattues (Commission Regulation No. 31/64/CEE, 17 March 1964, adjusting and fixing sluice-gate prices from 1 April to 30 June 1964 for poultry eggs in shell and for live and slaughtered poultry, and fixing levies, for the same period, on imports from non-member countries of poultry eggs in shell, live poultry weighing not more than 185 grammes, and slaughtered poultry)	No. 51	24.3.64
Règlement n° 32/64/CEE de la Commission, du 19 mars 1964, portant adaptation et fixation des prix d'écluse pour les porcs et les produits à base de viande de porc, pour les importations effectuées entre le 1er avril et le 30 juin 1964 (Commission Regulation No. 32/64/CEE, 19 March 1964, adjusting and fixing sluice-gate prices for pigs and pigmeat products imported between 1 April and 30 June 1964)	No. 51	24.3.64
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Directive du Conseil, du 25 février 1964, pour la coordination des mesures spéciales aux étrangers en matière de déplacement et de séjour justifiées par des raisons d'ordre public, de sécurité publique et de santé publique (Council directive of 25 February 1964 for the co-ordination of entry and residence regulations applicable to foreigners on grounds of public policy, public safety or public health)	No. 56	4.4.64
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No. 56 4.4.64

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No. 44 13.3.64

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Décision de la Commission, du 21 février 1964, portant autorisation au royaume des Pays-Bas d'introduire un contingent tarifaire pour le zinc brut (Commission decision of 21 February 1964 authorizing the Netherlands to introduce a tariff quota for zinc spelter)

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Décision de la Commission, du 21 février 1964, autorisant l'Union économique belgo-luxembourgeoise à introduire un contingent tarifaire pour l'aluminium brut (Commission decision of 21 February 1964 authorizing the Belgo-Luxembourg Union to introduce a tariff quota for unwrought aluminium)	No. 46	17.3.64
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Décision de la Commission, du 4 mars 1964, portant constatation que les importations des Etats de l'Union économique belgo-luxembourgeoise en provenance des autres Etats membres concernant les poissons de mer frais (vivants ou morts), réfrigérés ou congelés, sauf harengs, éperlans et esprats ont été inférieures au contingent ouvert pendant deux années consécutives [Commission decision of 4 March 1964 noting that imports by Belgium and Luxembourg from the other Member States of salt-water fish, (live or dead) fresh, chilled or frozen, except herrings, sparlings and sprats have, for two successive years, fallen short of the quota]	No. 55	3.4.64
Décision de la Commission, du 4 mars 1964, portant constatation que les importations de la république fédérale d'Allemagne en provenance des autres Etats membres concernant les autres fruits, plantes et parties de plantes, confits au sucre, sauf cerises confites, ont été inférieures au contingent ouvert pendant deux années consécutives (Commission decision of 4 March 1964 noting that imports into the Federal Republic of Germany from the other Member States of other fruit, plants and parts of plants, preserved by sugar, except preserved cherries, have, for two successive years, fallen short of the quota)	No. 55	3.4.64
Décision de la Commission, du 4 mars 1964, portant constatation que les importations de la République fédérale d'Allemagne en provenance des autres Etats membres concernant les pois fourragers de semence ont été inférieures au contingent ouvert pendant deux années consécutives (Commission decision of 4 March 1964 noting that imports into the Federal Republic of Germany from the other Member States of field pea seed have, for two successive years, fallen short of the quota)	No. 55	3.4.64
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Décision de la Commission, du 4 mars 1964, portant constatation que les importations de la République française en provenance des autres Etats membres concernant les échalotes ont été inférieures au contingent ouvert pendant deux années consécutives (Commission decision of 4 March 1964 noting that imports into France from the other Member States of shallots have, for two successive years, fallen short of the quota)	No. 55	3.4.64
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Décision de la Commission, du 4 mars 1964, portant constatation que les importations de la République française en provenance des autres Etats membres concernant les sardines fraîches, réfrigérées ou congelées, ont été inférieures au contingent ouvert pendant deux années consécutives (Commission decision of 4 March 1964 noting that imports into France from the other Member States of fresh, chilled or frozen sardines have, for two successive years, fallen short of the quota)	No. 55	3.4.64
Décision de la Commission, du 4 mars 1964, portant constatation que les importations de la République française en provenance des autres Etats membres concernant les thons frais, réfrigérés ou congelés ont été inférieures au contingent ouvert pendant deux années consécutives (Commission decision of 4 March 1964 noting that imports into France from the other Member States of fresh, chilled or frozen tunny have, for two successive years, fallen short of the quota)	No. 55	3.4.64
Décision de la Commission, du 4 mars 1964, portant constatation que les importations de la République française en provenance des autres Etats membres concernant les harengs frais, réfrigérés ou congelés ont été inférieures au contingent ouvert pendant deux années consécutives (Commission decision of 4 March 1964 noting that imports into France from the other Member States of fresh, chilled or frozen herrings have, for two successive years, fallen short of the quota)	No. 55	3.4.64
Décision de la Commission, du 4 mars 1964, portant constatation que les importations de la République française en provenance des autres Etats membres concernant les farines, semoules et flocons de pommes de terre autres que pour l'alimentation du bétail ont été inférieures au contingent ouvert pendant deux années consécutives (Commission decision of 4 March 1964 noting that imports into France from the other Member States of potato flour, meal and flakes other than for cattle feed have, for two successive years, fallen short of the quota)	No. 55	3.4.64
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Décision de la Commission, du 25 mars 1964, relative à la fixation, pour le deuxième trimestre de l'année 1964, des moyennes arithmétiques des prélèvements agricoles envers les pays tiers servant de base pour le calcul du prélèvement compensateur institué en vertu de l'article 10 du Traité (Commission decision of 25 March 1964 fixing for the second quarter of 1964 the arithmetical averages of the import levies on farm products from non-member countries serving as a basis for calculation of the compensating levy instituted under Article 10 of the Treaty)	No. 57	6.4.64

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- Avis de la Commission, du 6 mars 1964, adressé au royaume de Belgique au sujet du projet de loi modifiant la loi du 25 août 1891 portant révision du titre du Code de commerce concernant les contrats de transport (Commission opinion of 6 March 1964 addressed to the Kingdom of Belgium on the bill amending the law of 25 August 1891, which revised the title in the Commercial Code on transport contracts) No. 46 17.3.64

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- Avis d'appel d'offres n^o 357 lancé par la République centrafricaine (Notice of call for tender No. 357, issued by the Central African Republic) No. 51 24.3.64
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Avis de concours n° CEE/259/B (un assistant) [Notice of competitive examination No. CEE/259/B (assistant)]

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Avis de concours n° CEE/262/B (un assistant) [Notice of competitive examination No. CEE/262/B (assistant)]

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Avis de concours n° CEE/282/B (un assistant) [Notice of competitive examination No. CEE/282/B (assistant)]

No. 49 20.3.64

Avis de concours n° CEE/257/A (un administrateur principal) [Notice of competitive examination No. CEE/257/A (principal administrative officer)]

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Supplement No. 10 of 18 March 1964
Supplement No. 11 of 25 March 1964

Supplement No. 12 of 1 April 1964

Supplement No. 12 of 8 April 1964

Supplement No. 14 of 15 April 1964

C. Recent publications of the European Economic Community ⁽¹⁾

Non-periodical publications

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Economic development prospects in the EEC from 1960 to 1970. 86 pp. (f, d, i, n, e) Price £1.1.6; \$3; Bfrs. 150.

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Monographs — Agricultural series

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1964. 234 pp. (f, d, i, n *in preparation*)

Price: £1.15.6; \$5; Bfrs. 250.

Monographs — Social policy series

8108 No. 7 — L'emploi agricole dans les pays de la C.E.E. Tome I: Structure (Employment in agriculture in the EEC countries. Part I: Structure)

1964. 62 pp. (f, d, i, n)

Price: 10s.; \$1.40; Bfrs. 70.

Periodical publications

4002 Graphs and Notes on the Economic Situation in the Community. Monthly. No. 4/1964. Three bilingual editions: e/f; f/i; d/n. Price per issue: 11s.; \$0.50; Bfrs. 25. Annual subscription: £1.16.0; \$5; Bfrs. 250.

2001 The Economic Situation in the Community. Quarterly Survey. No. 1/1964. (f, d, i, n, e) Price per issue: 15s.; \$2; Bfrs. 100. Annual subscription: £2.10.0; \$7; Bfrs. 350.

8068* The Community Business Survey. Three issues per year. Three bilingual editions: e/f; f/i; d/n. Price per issue: 5s.; \$0.70; Bfrs. 35. Annual subscription: 14s.6d.; \$2; Bfrs. 100.

5002 Bulletin des acquisitions. Bibliothèque de la Commission de la C.E.E. (List of recent additions. Library of the Commission of the EEC) Monthly. Nos. 3 and 4/1964. Free of charge.

(1) The abbreviations after each title indicate the languages in which the documents have been published: f = French; d = German; i = Italian; n = Dutch; e = English.

D Publications by the joint services of the three Communities

Joint Information Service

Publications by offices in capital cities

Bonn: Europäische Gemeinschaft No. 4, April 1964

The Hague: Europese Gemeenschap No. 59, April 1964

Paris: Communauté européenne No. 4, April 1964

Rome: Comunità Europea No. 4, April 1964

London: European Community No. 4, April 1964

Statistical Office of the European Communities

General Statistical Bulletin No. 4-1964

Commerce extérieur: Statistique mensuelle (Foreign Trade: Monthly Statistics) No. 4-1964

Statistiques industrielles (Industrial Statistics) No. 2-1964

Statistical Information No. 1-1964

Charbon et autres sources d'énergie (Coal and other Sources of Energy) No. 2-1964