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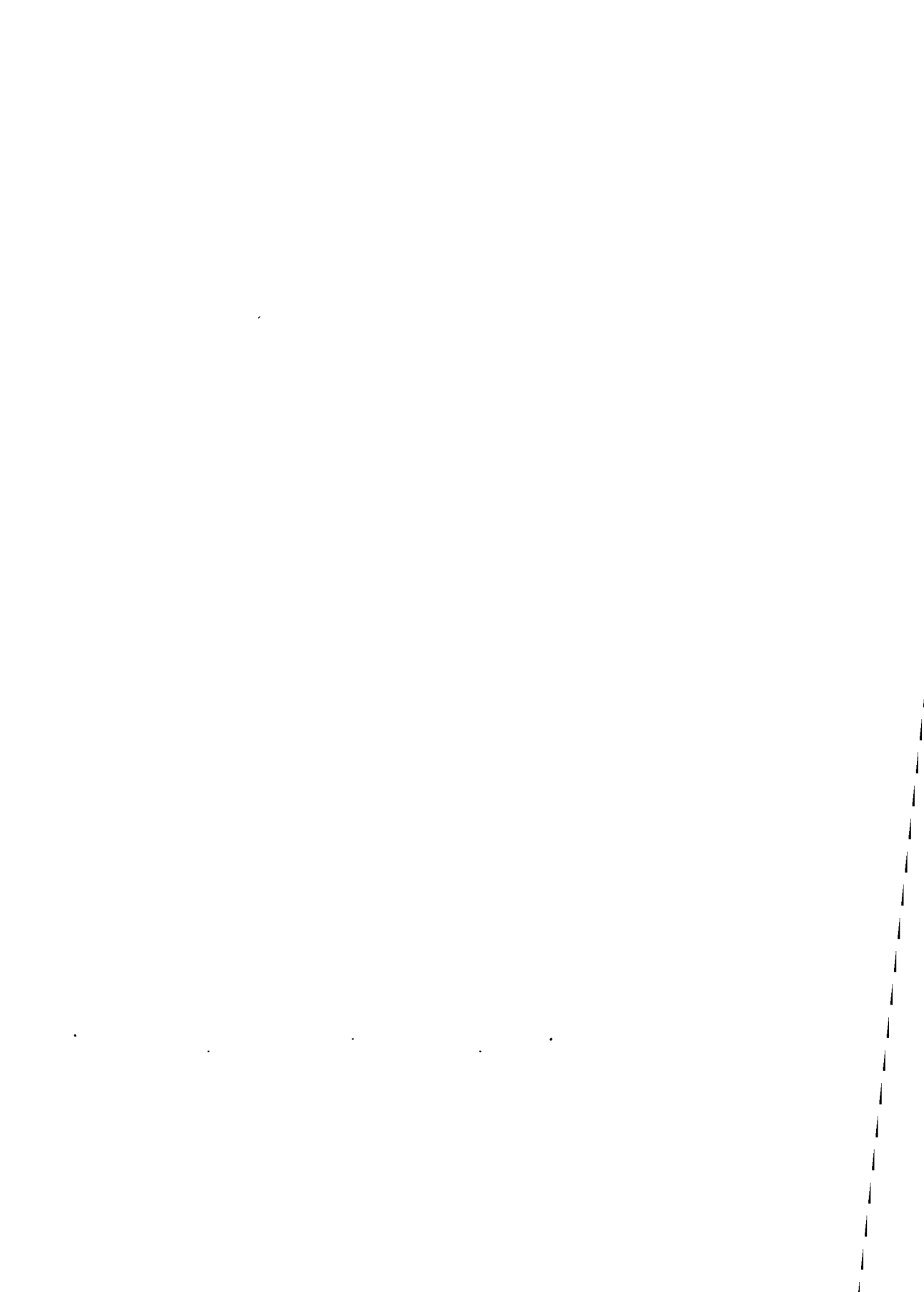
**BULLETIN
OF THE
EUROPEAN ECONOMIC COMMUNITY**

BRUSSELS

BULLETIN
OF THE
EUROPEAN ECONOMIC COMMUNITY

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I.- PROBLEMS OF COMMERCIAL POLICY

By Prof. Dr. HALLSTEIN, President
of the Commission of the European Economic Community

The following is an extract of the address by President Hallstein to the Consultative Assembly of the Council of Europe in Strasbourg on 20 January 1960. The Commission hopes it will help to clear the ground before the negotiations for a satisfactory organization of European trade are resumed.

The result of the Paris negotiations is a milestone in the economic history of post-war Europe. I can therefore only share the general satisfaction at the outcome of these discussions.

For my part I should like to stress three elements, which, I feel, provide the criteria for an appreciation of the results obtained in Paris.

First, then, there is the new relationship between Europe and America. As you know, the Commission has from the outset paid great attention to the effects of changes in Europe's economic policy on the relations of this Continent with America. Our attention has at times been misinterpreted. Initially it was believed that reference to consideration for our Atlantic partner was no more than an attempt to disguise an evasive attitude of the Commission, in an endeavour to escape from the difficult European problems. Well, it has meanwhile become known *urbi et orbi* that the relationship of this Continent with the Atlantic partners can no longer be separated from the discussion of European problems.

Nor does the question whether we consider a settlement of the relationship of Europe with America more important than a settlement of relations in Europe itself reach the core of the Commission's attitude towards this problem of our relationship with our Atlantic partners. Sometimes our action has been interpreted as meaning that we no longer had in mind anything but this major question.

We have never considered that there was a choice before us, either of substance or of sequence. We believe that both problems, the Atlantic and the European, must be taken together and that the two solutions must be compatible one with the other. For that reason we believe that, in fact, neither question can have priority in time over the other.

We raised this aspect of the problem because it affects the elementary and vital interests of Europe. It was in the cause of Europe that we sounded a warning note. It was in the cause of Europe that we advised serious consideration of this aspect of the question and its inclusion from the very beginning in the study of our economic problems.

For that reason we are happy for the sake of Europe that this new relationship between Europe and America, is now reflected in the full participation of the United States and Canada in the work which is now beginning. In order to appreciate this participation which has already borne its first fruit in making possible the satisfactory results reached in Paris, we must look at both the American and the European aspect of this new co-operation between the two continents, a co-operation based on equality. So far as the American aspect is concerned, one fact which merits a moment's reflection is

that America has now decided to accept a share of organised responsibility for the settlement of Atlantic and therefore also of European matters. That decision was certainly not an easy one. Those amongst us who have a little experience of American foreign policy know that all of us, all the free nations whose fate is inextricably bound up with the success of American policy, are faced with a dilemma when we see American policy hesitating between the tendency to retain a large measure of independence, of autonomy, and the willingness to enter into organised commitments. We must welcome the fact that in this case the decision has been in favour of an organised co-operation which, though it occurs in the economic sphere, is unquestionably of signal political importance. This political importance lies in the fact that it is apt to weaken isolationist trends, not only in the economic but also in the political field.

The second factor which may have made it somewhat difficult for our American friends to come along with us is their - and we must be clear about this - shall I say, ideological leaning to universal solutions. Again, this is not because of dogmatism, but is based on a very understandable attitude of which we in our own interest must not simply say that it should be lightly sacrificed to more limited organisation.

The European aspect can be sketched in a few lines. It is a changed Europe which is about to enter into this co-operation with America. The time when Europe was a depressed area and when it lived to a large extent on the generosity of others is over. The political recovery of Europe is practically complete. The admirable achievements of French economic policy last year formed the coping stone in this rebuilt and economically independent Europe. It is this Europe, a Europe sound

in its economy and psychologically imbued with renewed self-assurance and unshakeably confident in the ultimate success of our joint endeavours, a Europe already in the process of achieving even political unity, which has now entered into an association with its Atlantic partners.

Certain internal American developments of a purely economic character have helped us in attaining this new balance. It has already been said that trends in the American balance of payments have acted as a stimulus which has made it easier for the Americans to take the decision to which I have referred. We shall have to watch the psychological consequences of this new development in America's external trade in order not to make any mistakes in our own external trade policy in Europe. As a psychological consequence of this turn of events two features have appeared in America's foreign economic policy. One is a mounting sensitivity to discrimination; we have seen this grow before our eyes in recent months. The other feature is the increased American anxiety to have the European continent share the burden of political tasks of world-wide significance. This applies in particular to the problem of under-developed areas.

This brings me to the second of the major results of Paris. What was achieved in Paris, is a new form of co-operation of all Europeans in common tasks. It is no paradox if in this context I also pay homage to the decision that we shall assume a greater and even growing share of the burden for the under-developed countries, not only as a sign of solidarity between the rich and the poor, which it is, and not only as a sign of Atlantic solidarity, which again it is, but also as a sign of European solidarity. For all Europe is called upon to bear its share in the common effort.

In the face of these tasks which this continent has to solve in its relation with other continents, it is not possible to put forward the pretext that Europe must first put its own house in order. For it is not as a result of any arbitrary selection a scale of values we have ourselves set up, that we are confronted by these duties towards other continents; they spring from the facts themselves. Our solution of the task of helping the under-developed areas - a problem of explosive character and one of the most urgent of tasks, if we look upon the need to ensure the survival of Europe as the essential reason for strengthening it - is not a matter of our choice, but is a problem imposed on us by destiny.

The third result, is the re-starting of discussions on European trade itself. Talks have been resumed. No practical solutions have yet been worked out in Paris. We have not yet been told what the future shape of things in Europe is to be, what pattern or what concept is to be used to settle Europe's trade relations. Nevertheless, a procedure has been established and this has opened up new possibilities. All those who are now tackling this common task are agreed that the best use shall be made of these possibilities.

I do not think that it would be opportune at this moment to enter into speculations concerning the practical content of a future solution. I regard this not only as useless but even as downright harmful.

In the conferences it was discernible; that the cause would not be helped unless an effort were first made to clear the terrain somewhat.

We should for some time, though not for long, apply cautious and unsensational measures to cope with these tasks.

Fortunately, nearly all other European countries interested in this discussion have diplomatic missions accredited to our Community itself. This opens up excellent prospects for that clearing of the ground to which I have just referred.

I shall try to help in clearing up the individual questions with which we are now faced when we dissect the overall problem of a satisfactory ordering of European trade, in other words, when we try to grapple with the problem, to reduce it to concrete terms, and subject it to analysis. I should like to put the question what are the options with which we are really faced? It has been rightly said that politics are nothing but a chain of options. What are the real questions, and what the imaginary problems which we should jettison as ballast?

I should like to say here and now that the conclusion I have drawn from this brief survey, which is not complete and does not pretend to be complete, is that all these alternatives recommended to us as making it easier to reach a decision because all we really need do is choose between this or that possibility, seem to me to dissolve into nothingness - some of them because we have no choice at all, as one of the two solutions offered is altogether impracticable, and some because we are not forced to decide one way or another, as the solutions before us contain elements of both the alternatives.

Let me begin with one set of choices put before us which I regard as clearly unreal problems. I know that I will cause surprise when I list the option between trade war and trade peace as the first of these, the option between a united Europe and a division of Europe with the consequence - the words are not mine - that Europe is in danger of falling apart

over the great political questions on which its very survival depends. I do not mention this option in order to introduce arguments why Europe must not fall asunder. I should consider it somewhat peculiar if I suggested that anyone in Europe was seriously considering opting in favour of such a division. I mention it for a very different reason. The alternative between a divided Europe, a Europe divided even on questions of high policy, and a Europe united on these questions is usually presented to us in the form of: if this or that does not happen, such a division will follow.

I have raised this question here because I should like you to reflect with me whether this logic is really inescapable. A trade war in the form of measures of economic policy organised by governments, or a division of Europe in the sense that there would be divergences on vital questions such as Eastern policy, is something that does not happen by itself, like a bolt out of the blue. In politics there are no developments which happen by themselves in the way that chemical processes do. Politics are made, political acts are committed. When I have said again and again that there will be no such division, my decisive and in fact only reason for doing so has been that I cannot see a responsible person, a responsible statesman or politician in Europe either among the Six or Seven or elsewhere who would take upon himself the responsibility of choosing to divide European policy with all the calamitous effects this would have because of difficulties - however large they might be - arising in the sphere of commercial policy.

That being so, we should be a little careful in our assertions. Let me take up an idea which M. van OFFELEN (1)

(1) Belgian Minister for Foreign Trade

expressed: Nothing could be less helpful in finding the solutions for which we are searching than dramatization or emotion.

I should not like you to misunderstand me. I am in no way suggesting that the maintenance of a situation which appears unsatisfactory to many people in Europe, both among the general public as well as among economists and politicians, would not entail politically disadvantageous consequences. If therefore someone warns us of the danger of political estrangement, as the Norwegian Foreign Minister, Mr. Halvard LANGE, has done, I accept this as an argument. What has brought us together to make this effort if it is not the feeling that in addition to safeguarding the material interest of our economies we must also avoid disastrous political consequences?

The second unreal alternative which I should like to clear away is the recently suggested "choice" between hegemony or federalism in Europe. If my interpretation is correct, this alternative has its roots in the realisation that through the establishment of the European Economic Community a new element of strength, is being added to the European picture.

This is indeed true; it is undisputed and it is irrevocable. It is true even to the extent that the creation of such an element of European strength has been one of the decisive motives for the establishment of our European Economic Community. One of these motives was the idea that Europe needs to increase its strength in order to further economic expansion and to give an additional impetus to prosperity.

In speaking of this strength we are thinking not only of economic sufficiency or economic abundance. We mean to imply

a shift in the economic centre of gravity and also an increase in the political strength of Europe.

Need we defend this? Do people not realise that the yardstick for a sound order, the criteria for setting up entities capable of acting in the fields of industry, economic policy and general policy, are not things we can pick for ourselves. These yardsticks are imposed upon us. They are the yardsticks of the world of today, yardsticks of political and economic areas and of economic policy on the grand scale; and we know only too well that they are being daily brought home to us very drastically and obviously by Soviet power and its danger to us, as well as by the fact that we must enter into peaceful competition with an economic giant like the United States.

It is truly said of nations, as of individuals, that they have not only the right but the duty to be as strong as they can; the same hold good for Europe.

I know that this means the rejection of another pattern for a good world economic order, of another sociology of world economics, which to me is no more than a romantic pipedream; the pattern of the largest possible number of the smallest possible units, kept in balance by a fair order of things.

I look upon this idea as unrealistic, unless Europe were to abdicate. But, Europe will not abdicate.

What does the presence of this new quantity mean in fact? It means that a new unit has appeared among the factors which contribute to determining events in the economy of the world.

Now, our European Economic Community is not only the method of settling problems of internal trade. It is not merely a customs union - it is an economic union. With an almost inexorable logic, this entails a certain fusion of economic policies and this fusion is most evident in the matter of trade policy which is, of course, our chief interest.

From the moment when this Community comes of age and leaves the transitional stage behind, there will be only one trade policy for the area of the Community, e.g. the Community policy. Our Community is then a body. This new economic body, this new unit, as a factor in world economy cannot come into existence at one stroke, overnight as it were. That is perhaps the difficulty bothering some of those who are watching us; in the transitional stage these community elements take shape but slowly. We are passing from a state in which the six component bodies in the union have individual responsibility, to a new state of common responsibility resting with the union itself. This requires time.

I consider it would be right for us to take seriously the fact that, as we move on through the transitional period, the organs of the Community are increasingly assuming the role of guardian of the Community's interests.

I now put the question: Does the fact that one of those who have come together in this common effort is fairly large constitute hegemony? I will answer this question with a decided "No". The Community itself is designed to give an undeniably strong expression to the federalist element. The internal constitution of our Community is federalist: it is not centralist.

No more unjust reproach could be made to the institutions of the Community as a whole than that they are striving to attain a position of hegemony in Europe. It should not be forgotten that a strong European Economic Community in the centre of Europe is in the interest of all Europeans, including those who, for reasons which we fully appreciate, do not participate in the organization we have built.

The third pseudo problem with which we should not saddle the discussion is the contrast between a political and a purely economic organization. This question arises particularly in and for those countries that follow a policy of neutrality and feel inhibited in certain respects from joining the European Economic Community, which lays claim to certain political characteristics. These countries wish to retain their right of autonomy of decision, their sovereignty, because they do not want to be exposed to the reproach of taking sides politically. These are the two facets of the objection to association put forward on grounds of neutrality.

Our first answer to this is: Yes, the European Economic Community is political, and in a way which differs from that in which even a structure such as the Little Free Trade Area is of course political. The Little Free Trade Area is political not in its objectives or its regulations - policies are not made common - but in its effects. But this is not what we have in mind when we say of the European Economic Community that it is political. Here we mean that the merging of policies is itself an object of the Community. But this does not of itself - and these are my two counter-arguments to the qualms felt by the neutral countries prepared to associate or considering association - that the Community claims competence in political affairs generally, and so in those fields where a conflict

with the obligations of neutrality might occur. It means only that certain parts of economic policy are drawn into the Community nexus.

My second counter-argument is that, if I am not mistaken, the countries which put this question are of course, in every case, those considering not entry into our Community but association with it, and this means the establishment of a relationship with us which, although structural, is not such as to involve all the obligations - and therefore all the rights - which would go with full membership. It is within the power of those who work it out not to be drawn into the political nexus in which membership of the Community would involve them, but to avoid this.

Furthermore, if all these objections were pertinent, it would be just as much out of the question for these neutral countries to link up with the European Economic Community through the medium of a collective association. This will become clearer if I now consider the alternatives of bilateral or multilateral association.

This brings me to the second group, I mean those cases in which we seem to be confronted with a genuine choice but in which I also think there is no need to make an exclusive choice one way or the other since the problem is probably of a much more subtle nature.

The first alternative to be found here is that between bilateral and multilateral solutions. In discussion this generally means the difference between each individual non-member state concluding a treaty with the European Economic Community, and several or all of them doing so together. I may say in

passing that I do not consider this terminology very appropriate. I think the contrast would be better expressed if we were to speak of individual and collective association.

If we go more closely into this contrast, we come to the very simple fact that, while the European Economic Community takes the field as a single unit it has always to deal with individual governments acting on their own responsibility and unrestricted in their sovereignty.

This is indeed the reason why the so-called Little Free Trade Area was formed: no one of the potential members was willing to abandon any measure of sovereignty in his own foreign trade policy. The countries in question wished to maintain their autonomy in this field, and when they engage in negotiations with us, it is one case of their exercising this individual autonomy in their external economic relations.

But behind all this there is something of great material importance which goes beyond the formal aspect; I mean that there are in the actual economic situation of the various countries pronounced differences which will make themselves felt in one way or another irrespective of the method of negotiation.

This remark is no less pertinent if the other governments, the governments of the countries which are not members of our Community, decide that the talks in which they participate - I must repeat this - on their own individual responsibility, shall be carried out jointly. For even if they choose one person as their mouthpiece this would still mean that when dealing with the problem of a particular country the individual in question would be acting under the authority of the government of that country.

The upshot of these remarks is that fundamentally there are only two points at issue in this question. The first is that of the form of negotiation, the question whether it is desired that the talks be carried on separately or jointly. Then there comes the question of material importance: if these various countries now begin talks with the European Economic Community, how much will emerge that is of common interest and how much of individual interest and what, consequently, will be the respective importance in the future settlement of the common element and the individual element?

The Austrian Foreign Minister hinted that the solution might lie in a combination of an outline treaty between the Community and the Seven, and individual arrangements which could be concluded under this treaty between the seven Governments and the Community. I do not wish to adopt any position in relation to this idea. I would only like to say that it doubtless adds a new element to the question upon which I have just touched.

I can be brief in dealing with a second genuine alternative. I mean the alternative of a worldwide or a European solution. I am well aware that we are not making the task any easier for ourselves when we transfer the European discussion to a wider framework. But let me say once more: in politics we cannot pick the problems we have to solve.

The problems are there, they assert themselves, and when all is said and done we should consider ourselves lucky that they do so in a way which holds out so many prospects of good co-operation, as is evident in particular from the fact that the representatives of non-European interests with which we have to deal are powers as friendly to Europe as the United States and Canada.

The last alternative is the question: shall we proceed dogmatically - or, if you prefer it, systematically or on principles - or empirically? On this point I should like to make one remark only. Whatever the prospects of an all-embracing European solution may be, I would consider it irresponsible if we did not at least begin by making, simultaneously and with all possible speed, an empirical effort, i.e. an effort to decide where the difficulties really lie which we have brought about through the establishment of the European Economic Community, and through the differences in treatment of non-member States which necessarily accompany it.

We have never tired of recommending that an attempt be made not to think on the lines of abstract organization, not to proceed by deduction, not to seek for a system, but to make facts and figures the object of our investigations; we have made this a programme point in our Second Memorandum, and we are extremely glad to say that it has met with the approval of the Council of Ministers, which is competent in these matters. We believe in fact that if you get down in concrete fashion to particular tariff items and specific branches of production and trade, it is possible to ascertain where the shoe is pinching one or the other party, and that there is a chance of thus reducing the sources of disputes. Let us speak of cars, machine-tools and chemicals and throw as much ballast overboard as possible in a concrete effort to see things as they really are and not allow them to be hidden by preconceived, all-or-nothing solutions to the problems set. It will then be easier for us all to find our way about in the new economic landscape which has resulted from the establishment of the European Economic Community.

How can this be done? I think in three ways. First, very concretely, by making the autonomous customs policy of our Community take this road. This has been done through our Council of Ministers deciding to extend to non-member countries important customs and quota preferences which we grant each other. Secondly, it can be done by setting out to follow on principle a liberal trade policy, i.e. a liberal customs policy. On this point, too, we have made it clear what we mean. We mean shaping our external tariff in such a way as to enable us to reduce as far as at all possible, the differential treatment of our trade partners, resulting from the establishment of our external tariff. In saying this I would add that the establishment of the external tariff is legitimate. We remained within the GATT framework - this is known and undisputed - when we decided to take the average of the existing customs tariffs. Thus, under the definition of GATT, we are not open to the reproach that the establishment of this common external tariff would mean any raising of the customs protection around the Community territory as a whole. Despite this, we have declared that we desire to treat this legitimate external tariff as merely an initial tariff and that we wish to reduce it in order to make use of every available opportunity. The Dillon negotiations scheduled to begin this year are the first such opportunity. But we have added that we can imagine a further effort of similar scope after the conclusion of the round of tariff negotiations associated with the name of the U.S. Under-Secretary for External Affairs. This is a great deal.

Finally, I would be failing in my duty if I did not add a short plea in favour of our Liaison Committee. May I remind that this Liaison Committee, as accepted on our proposal by the Council of Ministers of our Community, has a triple

task. First an exploratory task, in the concrete sense which I defined above, of examining the flow of trade between the Common Market and its partners and the tariffs which play their part in determining this flow - either positively or negatively - and of finding out in which fields the development of the trade of the European Economic Community may give rise to difficulties. The second task is to propose concrete solutions for the elimination of these difficulties and to suggest agreements between the parties concerned. Thirdly and finally, the Liaison Committee will arrange for preliminary discussions between the countries involved in order to find a common line of approach for customs negotiations on the multilateral plane.

May I repeat: I do not believe that anyone need reject this proposal because he fears he may be putting himself at a disadvantage in the event of a wider solution. As we stated unequivocally in our Second Memorandum - and that too was approved by our Council of Ministers - this method of a sort of board of complaints and appeals, is a method of direct help in overcoming difficulties which may shortly arise or which are already beginning to cast their shadows before them.

Since all more comprehensive solutions require time - on this point everyone is agreed - it is a good thing to do something here and now. For to abstain from doing something good because you hope to do better in one or two years is indeed the worst of all policies.

Permit me to close with summing up what I regard as the essence of what I had to say.

First, we must not forget the purpose of our efforts, which is the freeing of trade, and we should not replace this

aim by ideas for solutions whose only importance is their use as instruments, and which are nothing more than a means to our end. There can therefore be no question of giving such means an absolute value.

Secondly, it should be our ambition to seek solutions which satisfy the greatest number possible - naturally, not only the Six or only the Seven - but also those who with some bitterness referred to themselves at the Paris Conference as the forgotten Europeans, those five countries which do not belong to either of the two groups of the Six or the Seven; and finally, our solutions should satisfy others as well as Europeans. What these solutions will be, whether they will be the same for all, whether there will be solutions of various shades and how far such variations will go, whether they will be more or less clear cut, it would be premature to say today. For owing to the variety of the factual conditions we shall - and this is my third point - have to apply certain differentiations. It is already evident within the European area - and it was already evident during the earlier efforts - that special questions arise, for instance, in relation to the outlying countries, and that these require special solutions. The case of these countries will not be the only one calling for special treatment.

Fourthly, the mode of procedure will be very important. May I repeat here that it must be a procedure which, without exceeding the bounds of the possible, guarantees rapid progress, but is at the same time a cautious procedure in the sense that we must not act prematurely and without sufficient preparation, so that our efforts fail again. We should try to advance along all roads. It is, of course, just this philosophy that lies behind the Paris decisions.

II.- THE ACTIVITIES OF THE COMMUNITY

EXTERNAL RELATIONS

1. On the occasion of the talks which took place in Paris on 19, 20 and 21 December 1959 between General de GAULLE, President EISENHOWER, Chancellor ADENAUER and Mr. MACMILLAN, the four Heads of State and Government (1) agreed to call an informal meeting to study European and world trade problems and development problems of the less developed countries (2). The calling of this meeting marked the beginning of a new phase in the development of trade relations between the European States.

2. The informal meeting called by the four Heads of State and Government took place in Paris on 12 and 13 January 1960. The representatives of 13 countries (3) as well as the Commission of the European Economic Community participated in the discussions under the chairmanship of M. LUNS, Netherlands Minister of Foreign Affairs. The meeting, known as the Special Economic Committee, reached conclusions which were embodied in three resolutions:

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- (1) France, the United States, the Federal Republic of Germany, the United Kingdom.
 - (2) Communiqué of the four Heads of State and Government (see Annex I)
 - (3) The United States, Canada, France, the Federal Republic of Germany, Italy, the Netherlands, Belgium, Great Britain, Switzerland, Sweden, Denmark, Portugal, Greece.

- On certain trade problems (1)
- On the study of the reorganization of the OEEC (2)
- On development assistance (3)

These resolutions were accepted on 14 January 1960 by a conference representing the twenty member and associated States of OEEC and the Commission.

The two conferences (thirteen countries plus the Commission and twenty countries plus the Commission) were preceded by meetings of the Council of the European Economic Community for the purpose of co-ordinating the attitudes of the Member States.

Commercial Problems

3. In connection with more strictly inter-European trade problems, both conferences (of the thirteen and of the twenty countries) bore in mind "the need to examine, as a matter of priority, the relationship between the European Economic Community and the European Free Trade Association with due regard to the commercial interests of third countries and the principles and obligations of the General Agreement of Tariffs and Trade". With a view to examining the trade problems it has been proposed to the Governments of the twenty member or associated states of OEEC that, together with the Commission of the European Economic Community, they constitute themselves a committee and form one or several informal working parties without, however, infringing the competence of the existing international institutions (such as GATT or OEEC). It was also proposed to the Governments that they transmit an invitation

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- (1) See Annex II.
 - (2) See Annex III.
 - (3) See Annex IV.

to the Executive Secretary of GATT to participate in these discussions (1)

Association of Greece and Turkey with the Community

4. From 2 to 4 December representatives of the Commission and of the Turkish Delegation once more examined the conditions and terms for a possible agreement associating Turkey with the Community.

This examination formed part of the exploratory conversations which the Council had instructed the Commission to conduct with Turkey.

After a complete exchange of information the exploratory talks ended on a note satisfactory to all concerned. A full report will be submitted to the Council, which will then be able to issue directives for the further conduct of the negotiations.

5. At the session of the Council on 23 and 24 November 1959, the Commission reported on its preliminary conversations with the Greek Government (2). The Council then instructed the Committee of Permanent Representatives to work out with the Commission the terms of the directives under which the latter could begin negotiations with representatives of the Greek Government.

(1) See Annex II

(2) See Bulletin 5-59, Chapter II, Sec. 5

The Community and GATT

6. The communiqué issued at the end of the Tokyo meeting of Ministers of Commerce and Trade, which took place during the fifteenth session of GATT, states:

- That the economic situation has generally improved in 1959,
- That, as a result of many currencies having been made convertible for non-residents, considerable progress has been accomplished in the elimination of quantitative restrictions on imports and of the discrimination to which they have frequently given rise,
- That the resultant situation should make it possible to speed up the programme for the expansion of international trade which the Contracting Parties had drawn up at their thirteenth session with the following aims: the reduction of customs tariffs by negotiation, the reduction of agricultural protectionism and the intensification of aid to less developed countries by helping them, through increased export earnings, to develop and diversify their economies,
- That the new plans for regional economic integration must be very carefully examined in order to ensure that they take full account of the trade interests of other countries and that they do not violate the principles or objectives of the General Agreement.

The debates of the fifteenth session of GATT were held and the decisions concerning its future work were taken in the

light of these general directives.

7. For its part the Commission is actively engaged in preparing the 1960-61 tariff conference and in working out the external tariff of the Community and the list of consolidations in the tariffs of the Member States which will be affected by alignment in the Common Tariff and which should, in principle, be re-negotiated under Article XXIV (6) of the General Agreement. The Commission is also preparing lists of requests for concessions to be submitted to those Contracting Parties who have given notice of their intention to take part in the 1961 multilateral tariff conference. As its representatives in Tokyo have declared, the Community will confine itself to negotiating reductions in customs duties and will not enter into any discussion on internal duties, quotas, subsidies or other non-tariff measures. It was conceded that acceptance of the principle that internal taxes and other non-tariff measures are open to negotiation does not imply any commitment on the part of countries participating in the conference.

8 The Commission has given much attention to the recommendation adopted by GATT in Tokyo that the Contracting Parties and in particular the industrialized countries should study their fiscal, tariff and quota systems with a view to facilitating a rapid increase in the export earnings of the less developed countries. This recommendation will be studied by the Ad Hoc Committee set up in October by the Council of Ministers for the purpose of examining the general question of what action the Community could take for the benefit of countries in the course of development.

9. Following upon the Contracting Parties' decision to study the Stockholm Convention by a procedure analogous to

that adopted in the case of the Treaty of Rome, the Community is preparing a questionnaire to be submitted to the Seven through the good offices of the Executive Secretary of GATT, seeking an explanation of certain provisions in the Stockholm Convention.

Relations with non-member countries and international organizations

10. In December 1959, the following Heads of Mission presented their letters of credence to President Walter HALLSTEIN:

On 15 December 1959 His Excellency Ambassador K.G. LAGERFELT,
Head of the Swedish Mission

His Excellency Ambassador A. SOLDATI, Head
of the Swiss Mission

His Excellency Ambassador A.H. TANDY, Head
of the United Kingdom Mission

On 17 December 1959 His Excellency Ambassador O. KILDAL, Head
of the Norwegian Mission

His Excellency Ambassador D. McDONALD,
Head of the Irish Mission.

In addition, two States have presented a formal request to the Commission for the establishment of diplomatic relations with the Community. The appropriate procedure is being followed.

Several other States have asked the Community for information concerning the formalities to be completed in establishing diplomatic missions to the European Economic Community.

11. The Commission was represented by observers at the following meetings organized by the United Nations Economic Commission for Europe:

- Committee on the Development of Trade and Trade Consultations between East and West (Geneva, 26 October - 4 November 1959);
- Cost Price Working Party of the Inland Transport Committee, Geneva, 2 to 6 November 1959;
- Sub-Committee on Road Transport, Inland Transport Committee, Geneva, 2 November 1959;
- Sub-Committee on Inland Water Transport, Inland Transport Committee, Geneva, 16 to 19 November 1959;
- Committee on Agricultural Problems, Geneva, 30 November - 4 December 1959;
- Housing Committee, Geneva, 10 to 11 December 1959;
- Inland Transport Committee - 19th Session - Geneva, 14 to 18 December 1959.

12. The International Labour Office was represented by observers at the following meetings organized by the Commission:

- Meeting of experts on "Studies of the working population in the six countries of the Community", 15 December 1959;
- Working party on "Enquiries into remuneration of men and women for equal work", 16 December 1959.

13. Four government officials of Central American countries, attached under the United Nations technical assistance scheme, were received at the seat of the European Economic Community. Their programme included a study of the organization and achievements of the Community, with a view to their countries' participation in the organization of a Central American common market. Group discussions and individual conversations took place throughout their three weeks' stay in Brussels.

ECONOMIC AND FINANCIAL AFFAIRS

Notes on economic trends

14. Under the impulse of briskly expanding demand, internal production in the Community is moving forward at a steadily increasing rate. In comparison with the corresponding period of the preceding year the increase is assessed at 7% for the last quarter of 1959, and could exceed 8% in the first quarter of 1960.

At present all the elements of demand are contributing to expansion. External demand, which at the beginning of the year had been one of the factors supporting activity, is still developing, though the improvement of economic trends throughout the world is as yet making itself felt in the industrial countries only. In the third quarter, Community exports to non-member countries increased by 8% in value and 13% in volume as compared with the same period in 1958. External demand will be maintained in the coming months and the high level of orders from abroad makes it possible to forecast a further increase of exports by the Member States in 1960. The exports of the Federal Republic of Germany, though they have risen considerably, are still far from reflecting the increase in demand from abroad.

Though private consumption has so far increased at a relatively slow pace, a new trend has recently become noticeable. Demand for consumer goods is beginning to reassert itself and will be stimulated from the beginning of 1960 by the wage increases to be expected and by the stabilisation or even slight decline in the rate of saving. In the Federal Republic of Germany a large number of collective agreements are due for renewal and in the Netherlands considerable wage increases have already been approved.

Moreover trade union demands, caused by the rise in food prices and supported by increased productivity, will benefit from the dwindling of available manpower reserves.

The present economic trend is typified above all by the general expansion of fixed investments. Stockpiling is continuing at approximately the same pace as before, and in the building industry demand has switched from housing to industrial construction. This development reflects a change in the investment programmes of enterprises which is also to be seen in a rapid increase in the demand for equipment goods, especially in the Federal Republic of Germany, Italy and the Netherlands. In the other countries the recovery of fixed investments is of more recent date. Overall investment forecasts show a definite increase in volume for all countries in 1960.

The 4 to 5% increase of internal production over the previous year has, on the whole, been sufficient to keep pace with demand. For certain agricultural products the market has nevertheless been strained as a result of the exceptional weather conditions which have affected agricultural production. Whilst cereal crops and production of wine were, except in Italy, better than in the previous year, the fruit harvest and vegetables and root crops suffered from the drought. In those countries where the drought was severe, the shortage of fodder has caused cattle to be slaughtered in greater numbers and has therefore brought about a decline in dairy produce.

Very considerable progress has been attained in industrial production; it is estimated at 5.5% for the year as a whole. The expansion of industrial production is common to all Member States, though in varying degrees. The rates of increase have been highest in the Federal Republic of Germany,

the Netherlands and Italy and though the rates for France, Belgium and Luxembourg have come closer to those in the other three countries, economic development has not maintained the same pace in all Member States.

In the Federal Republic of Germany and the Netherlands, where expansion has been most pronounced, some strain has been felt in the labour market.

Progress in relation to the previous year has been most marked in the iron and steel industries. It was conditioned by the expansion of industrial activity, which not only brings about greater consumption but also makes it necessary to adapt stocks to the new pace of activity. Since demand has advanced more quickly than deliveries, order books have filled up and for some products such as sheet metal, there has even been some supply difficulty. Because of the more rapid increase in consumption and because of the dwindling reserves of production capacity, both of which have called for a revision of the investment programmes, the consumer and equipment goods industries are likewise experiencing a boom which, though less marked than that in iron and steel, has nevertheless contributed to the general quickening of activity. The improvement is becoming more and more marked in the metal processing industry, especially in mechanical engineering, where the trend was slower to recover. Difficulties continue to exist in the coal industry and in shipbuilding only.

Though the remarkable rate of improvement in productivity, and the absence of bottlenecks have so far made it possible to bring supply into line with demand, there have recently appeared certain difficulties in the field of prices. In the first place, the prices of certain agricultural products,

the supply of which has been affected by the drought, have risen. Secondly, prices have risen in certain industrial sectors, the products of which are seemingly more difficult to bring into line with demand because of the dwindling reserves of production capacity. This trend could become more marked after the salary increases expected in the coming months have taken effect. Finally, the general expansion in the industrialised countries is likely to cause a rally in world prices for raw materials.

There therefore seems to be urgent need, in dealing with economic trends, for measures calculated to allow continued expansion without prejudice to price stability. In some Member States certain monetary steps have already been taken to prevent any such untoward development. The Bundesbank has twice increased the rate of discount, by a total of 1.25%, and first the Netherlands and then Belgium have followed suit. In the Federal Republic of Germany restrictive measures have been taken to neutralize excessive bank liquidity and to counterbalance the return of short-term capital from abroad.

It is, however, important that those Member States who still have considerable room for expansion should not be forced into making credit dearer. A co-ordinated policy on economic trends should aim at maintaining price stability in countries where expansion is particularly marked, whilst assuring a certain level of employment in those where relatively considerable unemployment continues to exist. Such a policy should therefore aim at solving imminent difficulties by making the greatest possible use of external trade, by increasing the mobility of the factors of production in general, especially manpower, and by bringing public finances into line with economic trends to the fullest extent possible under the various budget procedures.

Policy on economic trends

15. The Commission has submitted to the Council a paper concerning economic trends in the Community. The paper deals in particular with one aspect of this policy which, by its nature, seemed to the Commission to require common action. It is the situation of the labour market in the Community, which is typified by a shortage of labour in certain countries and sectors of the economy whilst there are relatively extensive reserves in other countries and sectors.

The Commission, which has asked for a discussion of this subject with the Council, considers that this is a matter of great urgency from the point of view of policy on economic trends.

The Commission recommends that a working party be set up to study present and predictable imbalances in the labour market of the Community, and to prepare the appropriate remedies.

16. The Commission has also put before the Council a proposed regulation for the co-ordination of policy on economic trends in the Member States.

This proposal provides for the establishment of a committee to deal with policy on economic trends, which would be attached to the Commission and would assist it in exercising the authority vested in it under Article 103. This proposal, which is based on a draft by M. MUELLER-ARMACK, Permanent Under-Secretary in the Federal German Ministry of Economic Affairs, envisages a committee composed of the Chairman of the Monetary Committee, and of representatives from the Member States and the Commission.

Movement of capital

17. The Commission has approved a draft of proposed directives on the liberalisation of the movement of capital; in accordance with Article 69 of the Treaty these will be passed to the Monetary Committee for its comments. The Commission will re-examine the draft proposals upon receipt of the Monetary Committee's comments, and will then submit them to the Council.

Regional policy

18. The national experts on regional policy held a second meeting on 15 January in Brussels to define the boundaries of the major social and economic regions within the European Economic Community.

These discussions will continue on 18 March, by which date the experts have agreed to submit an inventory of the regional statistical information available in their various countries.

THE INTERNAL MARKET

Elimination of quantitative restrictions

19. The services of the Commission are engaged in a systematic inquiry into the quota arrangements applied by the Member States.

They have drawn up the observations and recommendations to be submitted to the Member States concerning the use made in 1959 of the provisions of the Treaty relevant to the elimination of quantitative restrictions.

They are at present preparing a summary of the principal cases of infringement or difficulty.

20. Member States have recently adopted liberalisation measures vis-à-vis OEEC member countries and the dollar area. These measures, which apply equally to trade between the Member States, amount to a much speedier implementation of the Treaty so far as industrial quotas are concerned. This is particularly true of a number of former "negligible" quotas (e.g. motor-cars).

State monopolies of a commercial character

21. So far as monopolies of a commercial character referred to in Article 37 are concerned, the Commission will shortly inform the French and Italian Governments of its views concerning the proposals they have submitted on the adjustment of their tobacco monopolies. Studies on the monopolies of explosives, phosphorus, cigarette paper, lighters and lighter flints have also been undertaken. They serve as working documents in the discussions now going on with government experts.

Elimination of customs duties

22. The Commission has addressed a letter to the Member States recommending that they use the linear method in making the second reduction of internal customs duties. In connection with tariff reductions, moreover, certain steps taken by Member States which appear to be incompatible with either the letter or the spirit of the Treaty are being studied on instructions from the Commission, which will make recommendations to the Member States. At the same time the services of the Commission are endeavouring to complete the data they have

collected concerning taxes with an effect equivalent to customs duties.

Preparation of the common external tariff

23. The draft of the common external tariff can be regarded as completed with the exception of those duties to be fixed by direct negotiation among the Member States and which concern the products enumerated in List G. List G products cover 70 items and sub-items of the 1095 items contained in the Brussels Nomenclature and represent 14.4% of the 1957 imports by Community countries from non-member states. Agreement has already been reached between the Member States on half the products on List G. There is reason to hope that during the first months of 1960 negotiations between ministers will bring about agreement on virtually all the products concerned.

There remain, however, certain problems in connection with that part of the tariff which is based on the arithmetical average. These difficulties refer to products benefiting from special arrangements because of their special destination, and to products subject to specific duties. These problems are neither more numerous nor more serious than those with which the national administrations must deal in the day-to-day application of their existing customs tariffs, which are subject to continuous adaptation to the policies and economic conditions of countries which are constantly developing.

The right of establishment and the supply of services

24. The Commission is examining a draft prepared by its services of a general programme for the elimination of restrictions on the freedom of establishment. This programme,

which has been drawn up in close co-operation with the national administrations, will be submitted to the Council at the beginning of 1960. The Commission's staff is also finalizing the draft of a general programme for the elimination of restrictions on the free supply of services.

Miscellaneous

25. The Commission has submitted to the Council for approval a draft concerning the terms under which the provisions of the Treaty of Rome can be applied to Algeria (Article 227(2)).

26. The Commission is also studying several proposals under which it might be possible to speed up the implementation of the Treaty.

COMPETITION

Rules applicable to enterprises

27. On 15 and 16 December 1959, the 6 th Conference of experts on understandings from the Member States met in Brussels.

There was also general agreement on the need for national authorities to consult the Commission before they reached the decisions which they must take under Article 88. The procedure to be adopted for such consultations was discussed.

The experts also considered questions of documentation; a working party has been instructed to prepare concrete proposals on the steps to be taken at a later stage.

Dumping practices

28. The comments submitted by the experts of various Member States on the draft regulation drawn up under Article 91(2) were examined. A new version of the paper was drafted.

Approximation of legislation

29. With reference to the fourth sub-paragraph of Article 220 of the Treaty of Rome, the Commission has proposed to the Governments of the Member States that a multilateral convention be drawn up to guarantee reciprocal recognition and execution of court decisions or other enforceable titles under civil or commercial law.

Such a convention would facilitate economic relations within the Community.

Protection and legal security in the Common Market will to a large extent depend on the possibility of executing without great difficulty in the other five Member States a judgment obtained in any one of the countries of the European Economic Community.

For the same reasons improvements in the law governing commercial arbitration are of great interest to the Community. A representative of the Commission therefore took part in November in the work of a committee of experts of the Council of Europe for the purpose of preparing a European convention on arbitration legislation.

The Governments of the Member States have been invited to delegate experts to the first meeting of the working party, set up by Directorates-General III, IV, and VI, for the

approximation of legislation on foodstuffs. This conference will take place in Brussels on 14 and 15 January, 1960.

31. The services of the Commission are examining a number of complaints concerning impediments to trade caused by differing regulations concerning the composition of certain products. their treatment and so on.

32. Acting upon a letter from the Italian Minister of Labour and Social Insurance, the Commission has set up a working party for the approximation of legislation on labour hygiene and safety.

Fiscal problems

33. The Commission has organized two meetings of the working party composed of its representatives and of fiscal experts from the six Governments which has been instructed to study the problem of how turnover taxes can be harmonised (Article 99 of the Treaty). The working party has studied the present obstacles to the good functioning of the Common Market, and the first steps towards removing them. The result of these initial studies is contained in a report which will be submitted to the plenary meeting of government experts on fiscal matters planned for the beginning of 1960.

34. The working party instructed to examine the conditions for the implementation of Articles 95 to 97 of the Treaty has also met. The working party has agreed in principle that, pending a harmonisation of the provisions governing turnover tax, it will be necessary to work out common rules for the calculation of compensatory import duties and export rebates, in order to take account of the differing systems in the various

countries. Each Member State will submit to the Commission an explanation of the method by which this calculation is made for a number of leading products selected by the working party.

The working party will meet in the near future to study these explanations and will probably be able to draw useful conclusions for its future work.

State aids

35. The government experts met in Brussels on 24 and 25 November 1959 to discuss a number of problems related to the implementation of the procedure for the study of state aids; these discussions were based on working documents prepared by the services of the Commission.

Fuller information has been provided on the scope of the inventory of aids of a fiscal nature, to which the Member States were asked to reply during the month of January. On this occasion the representatives of the six Governments were informed of the Commission's plan to call at the beginning of 1960 a further meeting on the methods of examining, as required in Article 93 (1) of the Treaty, the aids listed.

The delegates agreed that the obligation to inform the Commission, which is laid down in Article 93 (3) of the Treaty, referred to all plans of any kind - draft laws, ordinances, decrees, etc. - if their provisions help to define the nature of the aid concerned.

Finally, the experts unanimously agreed that it would be premature to limit the application of this obligation by means of regulations under Article 94. Such a step should not be considered before sufficient experience had been acquired

for it to be possible to estimate the results which would ensue from any limitation of the universal character of the provisions contained in Article 93 (3).

36. A questionnaire on shipbuilding aids, which must be studied in accordance with Article 93, has been sent to the Governments of Member States in preparation for a meeting on the subject to be held at a later date between government experts. In order to facilitate the drafting of replies, to ensure their being worked out on comparable lines, and to simplify their subsequent evaluation by the services of the Commission, contact has been established with the appropriate officials in the various capitals.

37. Further study has been given by the staff of the Commission to problems relating to the application of the rules of competition, especially those covering state aids in the transport sector and particularly in the field of maritime and air transport.

SOCIAL AFFAIRS

The European Social Fund

38. At its session of January 1960, the European Parliamentary Assembly unanimously adopted a draft opinion put forward by its Social Affairs Committee on the proposed regulation for the European Social Fund; the draft regulation had been worked out by the Commission and the Council had, in accordance with Article 127 of the Treaty, referred the matter to the Assembly for an opinion.

The consultations, which under Article 127 must

precede the issue by the Council of the regulations concerning the European Social Fund, are complete now that the Assembly has made its opinion known.

Social security of migrant workers

39. The Administrative Committee on the Social Security of Migrant Workers met on 19 and 20 November 1959. On this occasion it examined:

- The forms prepared by experts for use in assessing the average cost of benefits in kind, on which the settlement of accounts between social security institutions in the Member States are to be based;
- The conditions for the application of clauses reducing or suspending social security benefits in cases of duplication.

40. The Administrative Committee met again on 17 and 18 December 1959. On this occasion it finally adopted its internal rules of procedure and the text of a decision concerning the data on accounting statistics to be furnished by the Member States for the implementation of Articles 74 and 75 of Regulation No. 4 (repayment of benefits in kind under health and maternity insurance).

It examined the report of an expert working party on family allowances and studied the draft forms devised by these experts for the grant of family allowances beyond the normal age limit to cover further study or apprenticeship.

It has instructed the working party to draw up draft forms for the grant of family allowances in respect of invalid children or unmarried daughters living at home.

The Administrative Committee's discussions also covered:

- The calculation of family allowances in cases where the children of a worker are dispersed in several Member States;
- The consideration of military invalidity pensions in applying the rules on overlapping laid down in Article 11 of Regulation No. 3;
- The methods of reimbursing benefits in cash paid under the health and maternity insurance by an institution in one country for the account of an institution in another.

41. Together with the High Authority of the ECSC the Commission, on 17 December 1959, held a meeting of experts to prepare a monograph on the social security systems in the Member States.

The High Authority has already published a series of monographs on the social security systems applicable to workers in the metal-working and mining industries. These monographs do not of course refer to the arrangements applicable to workers who do not come under the ECSC Treaty.

Publication of monographs on the social security systems will provide the Commission with working papers on the EEC level similar to those available to the ECSC. The monographs of the High Authority will thus be supplemented by papers covering the arrangements applicable to agricultural workers, wage-earning or otherwise, to the liberal professions, to the Overseas Countries and Territories, etc.

Free movement of workers

42. On the invitation of the Chairman of the Social Affairs Group, government experts have examined a working paper prepared by the services of the Commission, relating to statutory provisions and regulations and to administrative practices concerning the entry, residence and employment of nationals of one Member State in another Member State (1). On this occasion an exchange of views took place concerning the special arrangements applicable in each of the six countries to seasonal or frontier workers.

43. On 16 December 1959, a meeting of experts examined a draft study prepared jointly by the services of the Commission, the International Labour Office and experts from the various countries with a view to preparing an analytical list of those callings whose members most frequently migrated within the Community. This draft and the relevant lists of callings submitted by the various countries was adopted, as were the proposals on the procedure for comparing job descriptions in the individual countries.

Pay for men and women workers

44. On 17 December 1959, a meeting, arranged by the services of the Commission brought together representatives of the employers' organisations associated with the Union of Industries of the European Community (UNICE) and representatives of employees' organisations affiliated to the International Federation of Christian Trade Unions (IFCTU) and the International Confederation of Free Trade Unions (ICFTU). The discussion was concerned with wages for men and women workers as laid down in

(1) See Bulletin 4-59, Chapter III, Sec. 33

collective agreements in the Member States. A list was drawn up of branches of industry and other sectors in respect of which a report is to be worked out (1).

45. The services of the Commission also arranged for 21 December a meeting between representatives of the Free and the Christian Trade Unions with representatives of the Employers' Organisations affiliated to UNICE, for the purpose of discussing general problems related to social security, labour hygiene and safety and the way in which Regulations Nos. 3 and 4 on the Social Security of Migrant Workers had been applied since 1 January 1959. The discussion concerned social services, housing and other problems related to the living conditions of these workers and their families.

46. Experts from the ministries dealing with housing problems met on the invitation of the services of the Commission and discussed with them the proposal that Member States should co-operate closely in this field. The services of the Commission stressed their interest in the problem of housing and the legal basis of the Commission's competence in the matter.

AGRICULTURE

Common agricultural policy

47. On 7 November 1959, the Commission informed the Economic and Social Committee of its first proposals for a common agricultural policy and on 11 December laid these proposals before the Council, without however wishing to make it impossible

(1) See also Bulletin No. 5-59, Chapter II, Sec. 35

for the Economic and Social Committee to comment upon them. Realising that the Economic and Social Committee could not in so limited a period give its views on a matter of such complexity, the Commission reserved the right to amend its proposals even after they had been laid before the Council, thus making it possible for the views of the Economic and Social Committee to be taken into account provided they are presented before 1 March 1960. The Economic and Social Committee have agreed to this procedure (1).

The proposals of the Commission which are submitted to the appropriate special sections of the Economic and Social Committee for study, are also examined by the Agricultural Committee of the European Parliamentary Assembly.

48. The appropriate officials of the Commission have established preliminary contact with senior officials in the national ministries of agriculture.

Exploratory meetings with the organisations representing agricultural producers, agricultural and foodstuffs workers and the agricultural and foodstuffs industries, and also with the commercial organisations, have provided opportunities for discussion of the Commission's proposals.

49. The Commission has continued its studies for the implementation of the common agricultural policy, in particular with regard to the medium-term forecast of demand for foodstuffs and for agricultural production. Other studies deal with the situation in the various agricultural areas in the Community.

(1) A summary of the Commission's proposals was published in Bulletin No. 5-59, Chapter I.

50. The products subject to the specifically agricultural provisions of the Treaty of Rome are listed in Annex II to the Treaty. Under Article 38 (3) the Council must nevertheless, acting on a proposal of the Commission, decide within a period of two years after the entry into force of the Treaty as to the products to be added to that list.

Several Governments and a number of trade organizations have requested the Commission to add products to Annex II to the Treaty. Having studied these requests, the Commission has found that the common agricultural policy, and in particular the introduction of measures for internal market organization, would require no more than a limited extension of Annex II. To overcome possible difficulties which might affect certain processed goods during the preparatory stage - these difficulties had given rise to certain of the requests submitted to the Commission - the Commission has examined steps which could be taken to this end in accordance with the provisions of the Treaty.

Consequently, and in conformity with the proposal of the Commission, the Council has decided to add to Annex II of the Treaty only the following items:

Number (Brussels
Nomenclature)

17.05	Flavoured or coloured sugars, syrups and molasses (including vanilla sugar and vanillin sugar), but not including fruit juices containing added sugar in any proportion.
ex 22.08 22.09	Ethyl alcohol, denatured or not, of all kinds obtained from agricultural products contained in Annex II to the Treaty, excluding spirits, liqueurs, and other spirituous beverages or compound alcoholic preparations (known as concentrated extracts) for the manufacture of beverages.
22.10	Vinegar and substitutes for vinegar.

TRANSPORT

51. The Council, which under the terms of the Treaty should have established the requisite implementing regulation under Article 79(3) before the end of 1959, will have to take the necessary decisions at its first meeting in 1960. At the beginning of December it was informed of the views of the Economic and Social Committee (1) on the Commission's proposals which had been before the Council since the beginning of August, 1959.

In December and January, the Commission's proposals and the views of the Economic and Social Committee were subjected to a thorough examination prior to the meeting of the Council.

52. The services of the Commission have taken in hand a number of studies concerning the implementation of Article 75 (1(a) and (b)) of the Treaty on the drawing up of common rules for international transport effected from or to the territory of a Member State, or crossing the territory of one or more Member States, and the conditions for the admission of non-resident carriers to national transport services within a Member State. The immediate need is to define the concrete problems which must be solved soon in this field. The two points mentioned above are an essential part of the common transport policy, and the Commission must make relevant proposals during the transitional period.

53. The services of the Commission have commenced studies on the calculation of transport cost prices in the six Member States. They have also analysed the tariff systems for goods and passenger transport by rail, road and inland waterways.

(1) See also Bulletin No. 5-59, Chapter II, Sec. 36

ASSOCIATION OF OVERSEAS COUNTRIES AND TERRITORIES

The Development Fund

54. In November and December 1959, the Commission agreed that the Fund should finance the following social projects:

a) In the Republic of the Ivory Coast:

The construction of 60 three-class schools, each with two houses for teachers, requiring a provisional commitment and payment authorisation of 1,216,000 units of account (appr. 300,000,000 Frs. CFA) to be charged entirely to the 1958 budget.

For some years teaching in all its forms has been developing considerably in the Republic of the Ivory Coast. Nevertheless, results vary from region to region. The policy of the local government is to reduce these regional differences, whilst raising the average level of education everywhere. The agreed project provides for the construction of 60 schools in the Korhogo and Indienne districts, which have so far been at some disadvantage.

b) New Caledonia:

- The construction of a children's clinic and an operating theatre at the Territory's hospital in Noumea, for a provisional commitment of 140,000 units of account;

- The construction of a dispensary at Poindimié, for a provisional commitment of 38,000 units of account;

These projects fit into a programme for the improvement of health installations in the Territory. These installations, which are on the whole satisfactory, do not at present

include special institutions for children and infants; the difficulties to which this gives rise will be eliminated thanks to the action of the Fund.

- The construction of four bush-schools, for a provisional commitment of 61,000 units of account;

- The extension of the centre for accelerated vocational training at Nouville (Noumea), for a provisional commitment of 34,000 units of account.

These two latter projects are intended to improve the educational facilities in the Territory.

c) In Netherlands New Guinea

The establishment of an agricultural experiment station at Manokwari, for a provisional commitment of 1,896,000 units of account, of which a first tranche of 249,000 units of account represents payment authorisations against the 1958 budget.

The purpose of this project is to set up a combined agricultural and forestry research centre which can impart a thorough knowledge of what can be done in agriculture and forestry, can encourage the production of foodstuffs and widen the range of the island's export crops.

c) In Ruanda-Urundi

- The construction of two rural hospitals at Chibitoke and Kayanza, for a provisional commitment of 130,000 units of account.

This project is intended to improve the health situation in certain at present somewhat neglected areas where

equipment is inadequate.

- Road construction in the African townships of Usumbura, for a provisional commitment of 220,000 units of account.

This project fits in with the general programme for the advancement of African townships.

55. On the proposal of the Commission, the Council of Ministers has (in accordance with paragraph 3 of Article 5(2) of the Implementing Convention relating to the association with the Community of the Implementing Convention relating to the association with the Community of the Overseas Countries and Territories) approved the financing by the Fund of the following economic projects:

In the Republic of the Niger:

- The construction of watering points and cattle vaccination stations, for a provisional commitment of 4,509,000 units of account (appr. 1,112,000 Frs CFA or \$ 4,509,000) of which a first tranche of 1.176,000 units of account represents payment authorisations against the 1958 budget, the remainder being spread over the two subsequent budgets.

No more than approximately 10 per cent of the area of the Niger is fit for permanent cultivation, the rest of the territory being inadequately supplied with water. Approximately one third of the territory is used for pasture, of either a permanent or semi-permanent nature. Livestock breeding is therefore one of the principal supports of the country's prosperity and the government of the Republic of the Niger has put in hand a programme for the construction of water points and an extension of veterinary services in order to improve both the quality

and the quantity of livestock in the country. The project laid before the Fund envisages the construction of 395 wells and 118 cattle vaccination centres throughout the country within a period of three years. If this plan is carried through it will be possible both to settle a certain sector of the population and to develop cultivation and stockbreeding, and it will also help to combat infectious and parasitical diseases in animals.

56. A new Financial Convention was signed on 18 December 1959 (Convention No. 4/I/SI/S/58) between the European Economic Community, the Italian Republic, and the Italian Trusteeship Territory in Somaliland, relating to the plan for a new hospital at Mogadishu.

Under this Convention 1,950,000 units of account will be provisionally committed; of these, 500,000 units represent payment authorisations under the 1958 budget, 625,000 units come under the 1959 and 825,000 units under the 1960 budgets.

57. On 31 December 1959, the Commission of the European Economic Community had reached a decision on, or the Council had approved, the following projects submitted to the Development Fund for the Overseas Countries and Territories:

1. Social investments

Education

606 elementary classes
3 modern secondary schools
4 agricultural schools
2 occupational training centres
1 commercial school

involving 6,163,000 units of account

Health

12 maternity clinics
28 dispensaries
27 hospital wards
25 health units
8 hospitals
2 children's clinics
2 social centres
1 school of nursing
involving 6,434,000 units
of account

Water supplies

164 wells
1 water supply line of 26 km
length
involving 1,947,000 units
of account

Town planning

Housing estates, infra-
structure, and municipal
building, including
300,000 sq.m. of urban
asphalt road construction
involving 2,615,600 units
of account.

2. Economic investments

- Construction and improvement of roads, including 118 km of asphalt road and 39 km of metalled roads totalling 5,179,417 units of account.
- Railways involving 1,509,313 units of account.
- Port facilities including 934 m of quays, totalling 4,624,880 units of account.
- agricultural installations involving 9,288,000 units of account
- Miscellaneous studies involving 2,376,000 units of account.

Altogether, 60 projects submitted by the Overseas Countries and Territories have been approved, involving a total of 40,137,250 units of account.

Development of trade

58. In November and December 1959, the services of the Commission took advantage of two exploratory meetings to study various problems related to quota and tariff measures adopted by the Overseas Countries and Territories for the benefit of Member States and vice versa.

The Commission has prepared the observations to be addressed to the Member States on the subject of global quotas in 1959 in order to enable their Governments to decide what measures must be taken and, where necessary, to change the basis for subsequent expansions provided by the 1959 global quotas. The particulars as to how the 1960 expansions are to be applied, especially to the quotas which had been fixed by the Commission, have been laid down.

In the field of tariffs the conditions for the second tariff reduction, which is to take place on 1 July 1960 have been examined. On a suggestion by the French delegation, which notified the agreement of the Overseas Countries and Territories concerned, it has been decided that this reduction should, like the first, be implemented by a linear 10 per cent cut in basic duties on all products.

The implementing provisions for Article 133 (3), which allows the Overseas Countries and Territories to levy customs duties which correspond to the needs of their development and to the requirements of their industrialisation, were also studied with the government experts.

59. The services of the Commission have also examined the rationalisation of forestry work in the associated African Countries and Territories, with a view to finding new markets for tropical woods. A group of experts will make a preliminary study of silviculture in the Overseas Countries and Territories. The group will make a special enquiry into local resources and will estimate export prospects and the requirements of the consumer countries; it will draw up concrete proposals based on its findings.

With a view to the analysis to be made under the Commission's programme for the study of the problem of price stabilisation for the principal tropical products exported by the associated countries, the services of the Commission have continued their studies of market developments in these products.

Right of establishment

60. At its session of 23 and 24 November, the Council approved the Commission's draft directives on the elimination of the discrimination between nationals or companies of Member States which still exists so far as the right of establishment in the associated Overseas Countries and Territories is concerned (1). These directives are no more than a first step towards the complete disappearance of discrimination in this field as required by Article 8 of the Implementing Convention. Certain spheres, such as the entry, residence or expulsion of natural persons in the Associated Overseas Countries and Territories, were reserved, as was the implementation of Article 16 of the Convention.

(1) See Bulletin 5-59, Chapter II, Sec. 44

Supplementary directives will be worked out and probably approved in 1960.

61. The Commission was represented at the ceremonies marking the independence of Cameroun and at the ceremonies held in the Republic of the Niger to celebrate the first anniversary of its independence.

62. On 14 and 15 December, the services of the Commission received a number of African and Madagascan leaders of the International Federation of Christian Unions and of the International Confederation of Free Trade Unions.

The discussions at this meeting showed the great interest taken by African and Madagascan trade unionists in the problems connected with the association of the Overseas Countries and Territories and in the social policy outlined in the Treaty of Rome.

Further meetings are planned.

ADMINISTRATIVE AFFAIRS

Budget problems

63. In its plenary session from 20 to 27 November 1959 the Parliamentary Assembly examined the draft budget of the European Economic Community, laid before it by the Council.

On 24 November the Assembly unanimously passed a resolution which contained the following essential points:

a) The Assembly recalls that in accordance with the provisions under Article 199 of the Treaty establishing the European

Economic Community, expenditures relating to the European Social Fund must be dealt with in the form of estimates for each budget year, and that budget appropriations must not be limited to the repayment of expenditures incurred during previous financial years but must include certain reserves for the expenditures expected to arise in the financial year to which the budget refers.

- b) The Assembly proposes that the total appropriation for the operation of the joint Information Service be raised from 75 to 85 million FB and that a special credit of 15 million FB be provided for expenses exclusively devoted to the intensification of information campaigns on the European Community in the six countries, especially by encouraging the education of young people in a European spirit.
- c) The Assembly believes that the credits required to control investment projects in course of execution should not figure among the credits shown in the Annex to the Implementing Convention relating to the association with the Community of the Overseas Countries and Territories, but should be shown in the operational budget.
- d) The Assembly repeats that the operational credits for the Economic and Social Committee should be shown in the draft budget of the Commissions, and not in that of the Councils.

64. At its 26th session on 18 December 1959, the Council of the European Economic Community after consulting the Commission drew up a final budget for the operation of the European Economic Community in 1960.

With regard to the amendments to the budget proposed by the Parliamentary Assembly, the Council:

- a) Expressed the opinion that the automatic nature of the payments is adequate to ensure the working of the Fund. Nevertheless, if the appropriations under the heading of the Fund proved insufficient, it would take the necessary steps by introducing a supplementary budget.
- b) Decided to consider, in the light of proposals to be submitted by the Commissions concerning the aims and organization of the joint Information Service, the Assembly's wish that the appropriations for this service be increased from 75 to 85 million Belgian francs. The same applies to the request of the Assembly that a special credit of 15,000,000 BF be provided.

If necessary, the Council will take any action called for by introducing a supplementary budget.

- c) Whilst unholding for the 1960 budget the principle at present followed for expenditure incurred in the control of the implementation of investment projects, the Council intends to reconsider with the Commission the wish expressed by the Assembly on this point.
- d) The Council has also maintained its position with regard to the appropriations for the running of the Economic and Social Committee. This decision is due to the fact that the Council believes that the finance regulations concerning the drawing up of the budget, which have been put before the Council by the Commission, should specify the section of the budget under which these appropriations are to be shown.

A written reply was addressed to the President of the European Parliamentary Assembly by the President of the Council of the European Economic Community on 19 December 1959.

The Council has further adopted the provisional implementing regulations of the budget of the European Economic Community and the separate parts of the budgets concerning the common institutions and the Secretariat of the Councils of the European Communities.

The statute of service for the Communities

65. During their session of 23 and 24 November 1959, the Councils of the European Economic Community and of Euratom once more studied the problems concerning the pay of the officials of the Community, and a Community tax.

The Councils have instructed the Committee of Permanent Representatives to draw up the final rates of pay and to solve the problem of the unit of account in which the salaries are to be expressed, and also to lay down the type of allowance to be granted to officials regarded as "non-resident" at the time of their appointment

66. At its meeting on 4 December 1959, the Committee of Permanent Representatives agreed not to state its views on the two latter points until they had examined the report prepared by a working party instructed to study the questions of the units of account, and the special report of the "statute" working party on the nature of separation and expatriation allowances.

On 15 December 1959, the Committee of Permanent Representatives agreed on the rates of pay for the personnel of the Communities and submitted its findings to the Council. The salaries proposed on the basis of these rates are approximately 6% lower than the comparable salaries in the ECSC.

At their session of 23 and 24 November, the Councils approved the proposals made by the Commissions of the European Economic Community and Euratom on the subject of a Community tax.

The Commission must now draft the tax regulation which in accordance with Article 12 of the Protocol on Privileges and Immunities will need the approval of the Councils. The regulation is to enter into force together with the new pay arrangements.

Assumption of duties

67. M. CARON, who was appointed Vice-President of the Commission on 2 November 1959 by the Conference of Government Representatives of the Member States, took up his duties on 9 December. The Commission has nominated M. CARON Chairman of the Internal Market Group and member of the Economic and Financial Questions Group and the Transport Group. In his capacity as Vice-President, M. CARON is also a member of the Meeting of Presidents which supervises the Directorate-General of Administration.

M. CARON is therefore carrying out the same duties as were previously exercised by M. MALVESTITI.

III.- INSTITUTIONS AND ORGANS

A) THE EUROPEAN PARLIAMENTARY ASSEMBLY

68. Under the chairmanship of M. Robert SCHUMAN the Assembly met in plenary session at the Maison de l'Europe in Strasbourg from 11 to 15 January 1960. The following reports were presented:

- A report by Mme. DE RIEMAECKER-LEGOT on the implementing regulations required under Articles 124 to 126 of the Treaty, which concern the European Social Fund. In conformity with Article 127 of the Treaty establishing the European Economic Community, the Council of the EEC has requested the opinion of the European Parliamentary Assembly on these implementing regulations, concerning which the Commission has laid certain proposals before the Council (1);
- A report by M. Giovanni ANGIOY on the social problems dealt with in the Second General Report on the Activities of the European Economic Community;
- A report by M. Hermann KOPF on the statement made by President SCHUMAN to the Assembly concerning the discussions on 25 July 1959 between a delegation of the Assembly and representatives of the six Member States of the Community regarding the seat

(1) See also Bulletin 5-59, Chapter II, Sec. 31
" 5-59, " III, " 47
1-60, " II, " 38

of the Community;

- A report by M. Hermann KOPF on the problems connected with a "European District";
- A report by M. Ph. LE HODEY on the association of Tunisia and Morocco and the other countries mentioned in the Declarations of Intention annexed to the Treaty of the European Economic Community, and on the conversations at present going on with Greece and Turkey.

In the debate which followed the presentation of Mme. DE RIEMAECCKER-LEGOT's report, attention was drawn to the consequences which action by the Social Fund would have on the absorption of structural or demographic unemployment in certain regions of the Community. It was emphasized that the Regulations should be so applied that the Fund could contribute efficiently and in a Community spirit to the solution of this problem.

At the end of the debate on Mme. DE RIEMAECCKER-LEGOT's report and after a statement by M. PETRILLI, a Member of the Commission, the Assembly by a unanimous vote gave the opinion on the regulations required to implement Articles 124 to 126 of the EEC Treaty, for which it had been asked by the Council in accordance with Article 127 of the Treaty.

No resolution on M. ANGIOY's report was voted, since the Assembly considered that the debate on social matters could not be regarded as complete.

For similar reasons the Assembly also postponed the resolution on M. LE HODEY's report.

At the end of the discussion on M. KOPF's report, the

Assembly adopted a resolution concerning the joint seat of the European Communities and the "European District."

In this resolution the Assembly recalls the great interest attaching to the idea of a "European District" and its symbolic and political importance as an expression of the idea of a European Community; the Assembly confirms that the Member State in whose territory the seat of the European Communities is established will, if it so desires, retain territorial sovereignty over the "European District." It would, however, have to cede to the Communities the right to exercise within the District sovereign powers or, at least, the administrative powers required for the good functioning of their institutions.

The Assembly "considers that the answer given by the government representatives to a delegation of the Assembly on 25 July 1959, to the effect that the decision on the seat of the Community had been adjourned for three years (1), was not compatible with the concern" which it had shown on the subject of finding a seat for the Communities.

In conclusion, the Assembly instructed its President "to inform the Governments that the best method for finding a speedy and genuine solution of the problems - which cannot be adjourned indefinitely - is to delegate to the European Parliamentary Assembly the power to decide on the question of the seat, or to request the European Parliamentary Assembly to state its views, which the Governments shall regard as binding upon them. Should the Governments reject this proposal, the Assembly will act in accordance with its resolution of 14 May 1959 and will, before 30 June 1960, fix the place where it will

(1) See Bulletin 3-59, Chapter IV, Sec. 70.

hold its own sessions, so that it will at least have at its disposal the accomodation needed for Assembly and Commission meetings and for the final installation of offices for its secretariat."

69. The next meeting of the Assembly will be held from Saturday, 26 March to Saturday, 2 April 1960.

B) THE COUNCIL

70. On Friday 18 December 1959, the Council of the European Economic Community met in Brussels for its 26th session under the chairmanship of M. Emilio COLOMBO, Minister of Industry and Commerce of the Italian Republic.

At this session the Council, having consulted the Commission, finally adopted the 1960 operational budget for the European Economic Community (1).

The Council likewise adopted the provisional implementing regulations for the budget of the European Economic Community and the separate sections of the budget for the joint institutions and the Secretariat of the Councils.

In accordance with the provisions of Article 38 (3) of the Treaty establishing the European Economic Community, the Council has added, on a proposal of the Commission, a certain number of products to the list in Annex 2 to the Treaty (2).

71. The Council met on 12 and 14 January in Paris under the chairmanship of M. Eugène SCHAUS, Foreign Minister of the Grand Duchy of Luxembourg, in order to co-ordinate the attitude

(1) See this Bulletin Chapter III, Sec. 64

(2) See this Bulletin Chapter III, Sec. 50.

of the Member States towards the "semi-official meeting" (called on the initiative of France, the United Kingdom, the Federal Republic of Germany and the United States, it brought together thirteen countries and the Commission of the European Economic Community) and the meetings which were to follow the semi-official meeting (the conference of the twenty member and associated states of OEEC, the Commission of the European Economic Community and the Council of OEEC) (1).

C) CONFERENCE OF REPRESENTATIVES OF MEMBER STATES

72. On 18 and 19 December 1959 the representatives of the Member States of the European Economic Community and the Commission met in Brussels under the chairmanship of M. Emilio COLOMBO, Minister of Industry and Commerce of the Italian Republic.

At this meeting the representatives of the Member States continued their examination of problems arising from the fixing of the common customs tariff for the products enumerated in List G annexed to the Treaty; they were able to register agreements in principle on further items.

The ministers gave detailed attention to the products in connection with which the fixing of a duty will mean major economic and social problems in certain areas of the Community. They showed great readiness to settle these problems, in order to make it possible to help the areas concerned.

The ministers then settled the details of the agreements in principle concerning certain products which had been reached at the previous ministerial meeting on 1 and 2 December (2).

(1) See this Bulletin, Chapter II, Sec. 1-3

(2) See Bulletin No. 5-59, Chapter III, Sec. 53-

D) THE COURT OF JUSTICE

73. On 12 November 1959 M. Jacques RUEFF, a judge at the Court of Justice of the European Communities, submitted his resignation to the President of the Court.

The Presidents of the Councils of the Communities were notified of M. RUEFF's letter of resignation. In conformity with the statute of the Court, a successor will be appointed for the remainder of M. RUEFF's period of office, i.e. until 7 October 1964; the appointment will be made by the Governments of the Member States acting by agreement between themselves.

74. The Court of Justice of the European Communities has decided on a amendment of its rules of procedure (1).

E) THE ECONOMIC AND SOCIAL COMMITTEE

75. The Agricultural Section of the Committee held several meetings in December and at the beginning of January for the purpose of examining the Commission's first proposals for a common agricultural policy.

76. The Economic Section of the Committee held its fourth meeting on 4 December, in Brussels. After appointing its officers, the Section held an initial discussion on the opinion to be submitted to the Agricultural Section concerning the Commission's draft on the proposals for drawing up and implementing a common agricultural policy.

At the end of this discussion the Section appointed a working party of 15 members and instructed it to draw up two

(1) See the official gazette of the European Communities, No. 2 of 18 January 1960 (not available in English).

reports: one on monetary questions resulting from the Commission's proposals, the other on the economic questions relating to the Community's external trade raised by the proposals.

F) THE MONETARY COMMITTEE

77. The Monetary Committee met in Brussels on 11 and 12 January for its 15th session.

The alternate members of the Monetary Committee had met in advance on 4 and 5 January 1960 to prepare a draft progress report for study by the Monetary Committee at its 15th session.

During the session the Committee studied a draft directive on liberalisation of the movement of capital, which the Commission will submit to the Council. Under the terms of Article 69 of the Treaty the Commission must consult the Monetary Committee before submitting such proposals to the Council.

The Committee also considered the monetary and financial situation of Belgium and Luxembourg.

Annexe I

COMMUNIQUE ISSUED IN PARIS BY THE FOUR HEADS
OF STATE AND GOVERNMENT (1) ON 21 DECEMBER 1959

The Heads of State and Government have discussed the important changes that have taken place in the international economic situation. Recognising the great economic progress of Western Europe, they have agreed that virtually all of the industrialised part of the free world is now in a position to devote its energies in increased measure to new and important tasks of co-operative endeavour with the object of:

- (a) Furthering the development of the less developed countries, and
- (b) Pursuing trade policies directed to the sound use of economic resources and the maintenance of harmonious international relations, thus contributing to growth and stability in the world economy and to a general improvement in the standard of living.

In their view these co-operative principles should also govern discussions on the commercial problems arising from the existence of the European economic regional organizations which are or will be constituted within the framework of GATT, such as the European Economic Community and the European Free Trade Association. Their relations both with other countries and with each other should be discussed in this spirit.

The Heads of State and Government, recognising that the method of furthering these principles requires intensive study, have agreed to call an informal meeting to be held in

(1) France, the Federal Republic of Germany, the United States of America and the United Kingdom of Great Britain and Northern Ireland.

Paris in the near future. They suggest that the members and participants of the Executive Committee of OEEC and the Governments whose nationals are members of the Steering Board for Trade of OEEC should be represented at this meeting.

It is proposed that the objective of such a group should be to consider the need for and methods of continuing consultations dealing with the above-mentioned problems.

SPECIAL ECONOMIC COMMITTEE

JANUARY 12, 13, 1960

Resolution on certain Trade Problems

THE SPECIAL ECONOMIC COMMITTEE

Recognizing that there are problems of commercial policy of particular concern to the twenty governments who are members of, or associated with the O.E.E.C.;

Taking note of the existence of the E.E.C. and of the convention for an E.F.T.A.;

Bearing in mind the relationship between the provisions of these agreements and general international commercial policy;

Considering the need to examine, as a matter of priority, the relationship between the E.E.C. and the E.F.T.A. with due regard to the commercial interests of third countries and the principles and obligations of the G.A.T.T.;

DECIDES

to propose to the twenty governments that they constitute themselves, together with the E.E.C., a committee with power to

- I) establish one or more informal working groups for the consideration of these problems without infringing the competence of the existing international institutions such as the

G.A.T.T. or the O.E.E.C.; these groups should report back to the Committee;

- 2) transmit an invitation to the Executive Secretary of the G.A.T.T. to participate in these discussion.

Annexe III

SPECIAL ECONOMIC COMMITTEE

JANUARY 12 - 13, 1960

Resolution on the Study of the Reorganization
of the O.E.E.C.

Representatives of the Governments of Belgium, Canada, France, Denmark, the Federal Republic of Germany, Greece, Italy, the Netherlands, Switzerland, Sweden, Portugal, the United Kingdom, and the United States and the Representatives of the Commission of the European Economic Community,

- a) Fully appreciating the co-operative work accomplished by the O.E.E.C.;
- b) Wishing to ensure the continuity of co-operation in the fields where no change is called for;
- c) Determined to pursue economic policies which will contribute to stability and growth in the world economy, including trade policies directed to the sound use of economic resources and the maintenance of harmonious international relations;
- d) Conscious of the need to devote increased efforts towards furthering the development of less-developed countries;
- e) Recognizing the importance of continued co-operation to ensure the achievement of these objectives,
- f) Noting the desirability of arrangements which would enable full participation not only by the present 18 Members of the

Organization for European Economic Co-operation but also by the two associate members, the United States and Canada;

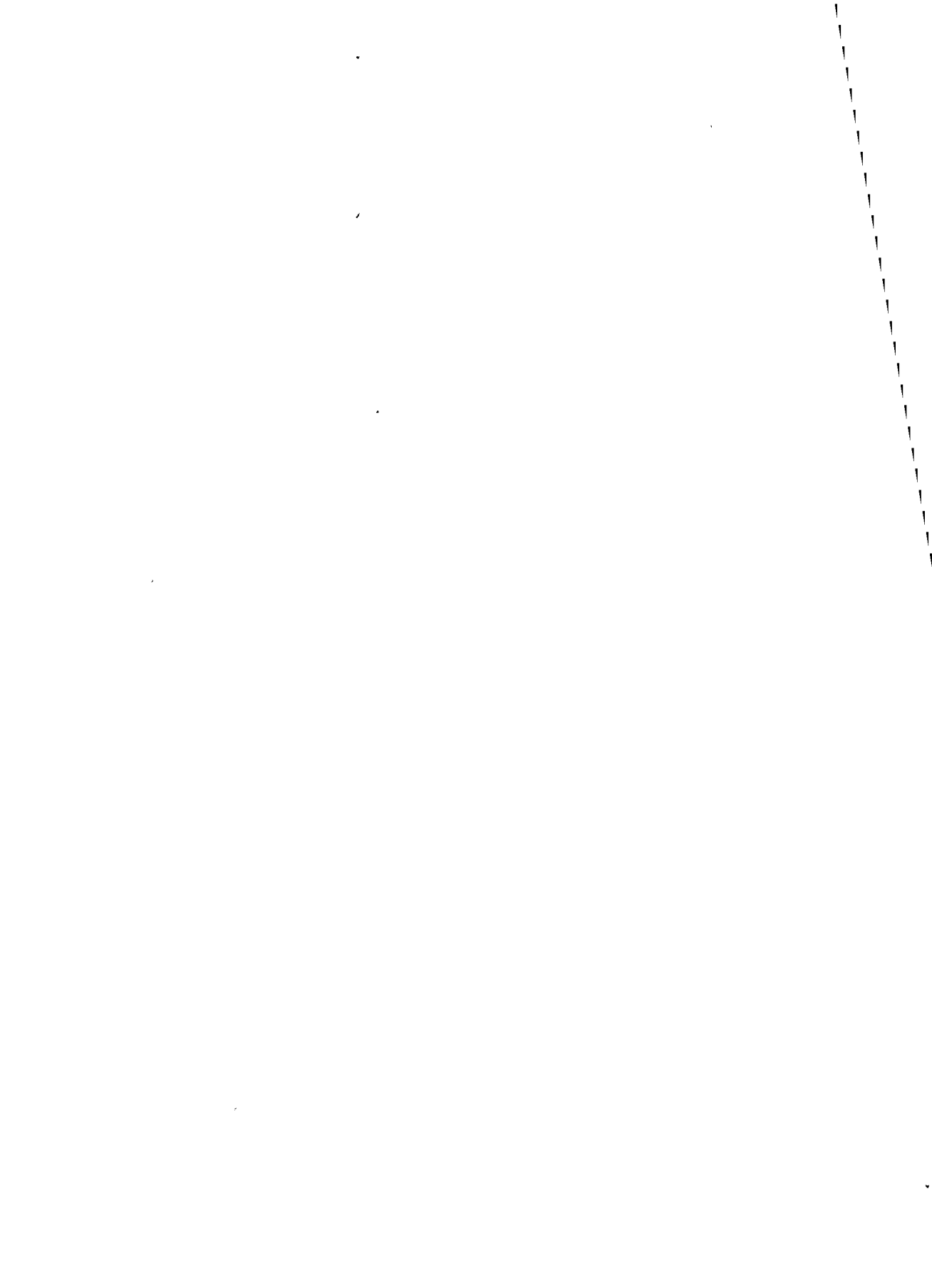
- g) Desiring to proceed with an examination of improved organizational arrangements which could best accomplish these purposes;
- h) Recognizing the equal interest of all member and associate member governments of the Organization for European Economic Co-operation in this matter;

PROPOSE

- 1) That a meeting of senior officials of the twenty Governments, members or associate members of the O.E.E.C. and to which the European Communities should also be invited, be convened in Paris on April 19, 1960 to consider the question of appropriate arrangements to achieve the objectives stated above;
- 2) That, in order to facilitate the work of such meeting, a group of three persons consisting of and should be appointed to prepare a report which would
 - a) examine the most effective methods for achieving the objectives referred to above and make appropriate recommendations with respect thereto;
 - b) submit a draft of articles of agreement, should their examination of this question indicate the desirability of bringing about an appropriately improved organization for economic co-operation;
 - d) identify those functions at present performed by O.E.E.C. which should continue to be the subject of international economic co-operation under the aegis of the proposed

organizational arrangements with respect thereto;

- 3) That the group named above should consult with all twenty governments and the European Communities and appropriate international organisations during the preparation of their report without, however, committing any government as to the content of the report which would be submitted by them in their personal capacities and which would be open for discussion and negotiation at the meeting envisaged in Paragraph I.) above.



SPECIAL ECONOMIC COMMITTEE

Resolution on Development Assistance

THE SPECIAL ECONOMIC COMMITTEE

Having been informed of the desire of the Governments of Belgium, Canada, France, Germany, Italy, Portugal, the United Kingdom, and the United States, and the Commission of the European Economic Community, who, in addition to their contribution to international organizations, are making available or may be in a position to make available a significant flow of long term funds to underdeveloped areas, to discuss among themselves the question of techniques to facilitate such flow of funds, taking into consideration other means of assistance to developing countries;

Notes that these eight Governments and the Commission of the European Economic Community intend to meet together to discuss various aspects of cooperation in their efforts, and to invite other additional capital exporting countries to participate in their work or to meet with them as may from time to time appear desirable, and to consult with such multilateral organizations as the International Bank for Reconstruction and Development and the European Investment Bank.

