

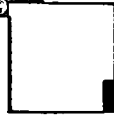
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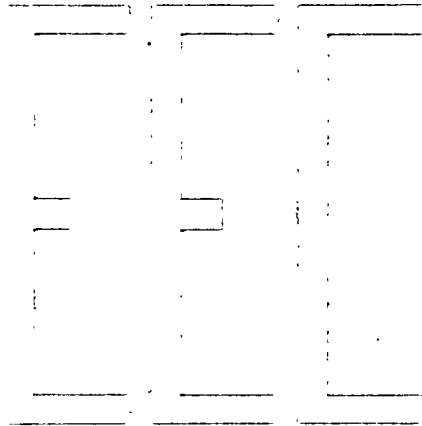


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Some comments on the subjects of “ Politics and Economics ”

Extracts from a Broadcast by Professor Dr WALTER HALLSTEIN,
President of the EEC Commission given in Munich on 5 November 1965

[...]

A modern national economy is riddled with the most varied forms of government intervention.

This begins with the legal order which, in our age, only the State can set up. No nail can be driven in a factory without the legal order coming into play: property, the law of contract, incomes policy, labour legislation, safety rules, social security and the like.

Furthermore, the existence and development of infrastructures in the widest sense are a prerequisite for any economic activity. Today intervention by the State in transport, education, public health and the supply of power is in every national economy a decisive factor determining economic capacity and living standards.

Again: States which had not done so earlier came, after the painful lessons of the world economic crisis and its unhappy political consequences, to assume responsibility for economic developments. The fluctuations of economic activity must not exceed certain limits. This is ensured by the monetary and credit policies applied by public authorities, while State revenue and expenditure policy are also called into play to steer economic developments.

Furthermore, the ordering of business relations with other national economies, with foreign countries, has always been one of the most important economic instruments at the disposal of a State. These matters cannot be left entirely to private economic operators. Only the external trade policy of the State can protect the national economy from unfair practices and the dangerous repercussions of happenings abroad. At the same time this foreign economic policy proves to be very closely bound up with the rest of foreign policy.

Agriculture and housing are two further spheres in which the State does not simply leave everything to the forces of a free market. In both it intervenes in differing degrees and with a variety of methods.

These examples, which I have loosely strung together here, by no means imply that we have a socialized, or even a State-directed, economy. On the contrary: in our world, the free world, private initiative is the motor which keeps the whole system going. Supply and demand, i.e. the forces of the market, determine the economic process. Competition, and the stimuli provided by competition, are the driving forces of economic life.

Developments in the free part of Germany since currency reform are a better proof of this than any theoretical presentation of the case. There is no reason to deviate from these proven principles.

Today, however, a free economy is unthinkable without the presence of the State in the most varied forms. Economic and social life is no longer purely private — if indeed it ever was. Private initiative and competition between businessmen, freedom of choice for the consumer and freedom to choose one's place of work will continue to be the foundation of the economy only if the State guarantees these elements and orders them in such a way that they work. Modern industrial society rests on the carefully balanced interplay of private freedom and public order.

This applies in the national sphere, but it is also true of the European. The merging of six European national economies into a large economic unit is not only a matter of private initiative and private business, even if the role of private business is basic to it. We know that the unprecedented success of economic integration in Europe is essentially due to the fact that businessmen heard, understood and obeyed the call.

Meanwhile, even in such a large European economic unit, there must be some sort of public authority which takes over the necessary functions of establishing order.

What public authority is to do this ?

It could be said that the States and their Governments exist and could undertake this task each for itself. But this would mean that nothing was changed in the old scheme of things, each Government looking after its own economic area and nobody seeing to it that a unified order emerges in the large-scale economy of Europe. Is it conceivable that economic and social policy and the economic and social order in the Federal Republic should be a matter for the Länder only ? Even the most hard-bitten Bavarian Federalist cannot advocate this, for there would then be no German economy, but only a Hessian, Bavarian or North-Rhine-Westphalian economic policy, and so on. A modern economy requires a public authority that covers the whole territory. There must be an economic system, an economic and social policy which is not divided but is equally valid throughout the whole economic area (this does not mean that it cannot be supplemented, refined, differentiated and enriched at regional level).

A large-scale economy in Europe, comprising the territory of the six EEC Member States, therefore requires a public authority which covers the whole area. It requires a Community policy. It requires Community authorities which see to it that this large Community economic area does in fact emerge from the existing six national economic territories. For instance, the EEC Treaty lays down just how and when customs duties between the Member States are to be dismantled. But somebody must see to it that these obligations are respected by the Member States. Somebody must be there to whom businessmen or consumers can turn if they

wish to complain about their own administration or that of another Member State.

Once this large economic area exists, it must also be administered in the widest sense of the word. Functions similar to those fulfilled by national governments in their own economic areas have to be carried out.

[...]

The fact that this is not merely a proposition on paper is proved by the "Kennedy Round" in Geneva. Naturally, this provision concerning the external tariff cannot be translated into practice by the individual Member Governments bit by bit, i.e. each acting for that part of the Community's external frontier which belongs to it. Joint decisions are therefore necessary.

Furthermore, firms must not only be able to sell their products without let or hindrance in all Member States, they must also be free to decide where they will carry on their business and where they will be registered in this new large-scale economy. Conditions for doing this must be formulated and any infringements dealt with.

In the important sphere of agricultural policy, Community solutions must replace the national systems. The instruments of agricultural policy must be made uniform and in particular they must serve unified aims in conformity with the same principles and procedures. National prices must be replaced by a price valid for the whole area. In the agricultural field, as elsewhere, distortions of competition must be traced and correctives found for them. The application of safeguard clauses should not become a general rule; the dangers they are used to parry must be serious dangers.

Transport too must be given its place in this economic scheme of things, since transport takes on greater importance in larger economic entities. Arbitrary differences in rates must be prevented, routes must be co-ordinated, weights and measures used in transport must be aligned, and rate systems must be harmonized.

In all these spheres, two activities are required: one is to ensure that this large, unified economic entity does become a reality, and the other is to administer it and develop it further.

All this, then, has to be done and to be made effective throughout the Community. It must be done by Community agencies, by a kind of public authority — as I have said — that covers the whole of the Community, and this means that we must have institutions working — within their spheres of responsibility — in conjunction with and on a higher level than the public authorities of the various Member States. This role is filled by our Community institutions.

Here we are confronted by mountains of misconceptions. The matter is often stated as if the public authority for the whole Community, without which business could not function in it properly, were to exercise control independently of Governments and with overriding powers, governing and giving orders on its own technocratic sovereign power. This is a

crude misrepresentation. Although the essential presence of the State in the economy could in theory be organized in this way, nothing of the kind is to be found in the European Communities. The EEC Treaty chose quite a different solution.

The public authority which ensures that this European economic entity really comes into existence and assumes such functions as are essential to a modern economy is represented by Community institutions in which the Governments of the Member States have the last word, though not the only word. What must be done by public authority to merge the national economies is being given practical form in the Community institutions: the form of a genuine common policy, or of co-ordination of six national policies, or of co-operation — the three main forms of action envisaged in the Treaty of Rome.

There are four Community institutions: the Council, the Commission, the European Parliament and the European Court of Justice. There are also ancillary organs, the chief of which is the Economic and Social Committee. The Council and the Commission share the task of creating Community law and Community policy; the other bodies have advisory and supervisory powers.

The legislative power of the Community is for the most part vested in the Council. The Council has the power of legislative decision. We might call it the Community's federative organ, since it is composed of ministers from the Member Governments.

The Commission, a body of nine "Europeans", has sole power to initiate legislation. It is purely a Community organ and takes no instructions from Governments. It is responsible to the European Parliament alone, and only the Parliament can force the Commission to resign. Its right of initiative makes the Commission the driving force of the integration process.

The central element in the Community's constitution — and at the same time its most original feature — is the relationship between Council and Commission. The Treaty of Rome provides that there shall be between these two bodies a dialogue intended to ensure that the particularist interests of individual Member States are weighed against the overall interest of the Community represented by the Commission. Significantly enough, it is just the small States of the Community that attach so much importance to the European Commission. They see in it their natural protector against the greater weight of the bigger countries, for the Commission will oppose them only if this is truly in the interests of the Community. This at least provides a guarantee that the small countries will not be steam-rolled into unnecessary sacrifices.

The Commission also exercises administrative functions, in particular when it ensures that the Treaty and the rest of the body of Community law are complied with, when it applies Community law in certain fields (agriculture, competition), when it operates the safeguard clauses and when it represents the Community in its relations with the outside world.

An independent Commission entrusted with certain powers of current administration and with the exclusive right of initiating legislation, plus a federative organ — the Council — consisting of representatives of the Governments and entrusted with the task of deciding the general lines of Community policy and of passing Community laws: this is the balanced, cautious arrangement set up by the Treaty of Rome. These institutions naturally deal with politics. They make agricultural policy, customs and commercial policy, transport policy, economic and monetary policy; in short, all kinds of economic and social policy. Wherever it is economically necessary they establish a legal order that applies in all six Member States. Without actually constituting a government, they exercise functions that are indispensable to the modern economy and that are exercised in the Member States by the Governments. These institutions cannot be set aside or stripped of their powers without halting progress towards a unified economic area embracing the Member States and without the order established in this area collapsing.

But the organs of the Community can be rendered ineffective in other ways than just eliminating them; they could be hamstrung if the carefully arranged balance of powers between them were shifted. What, for instance, would be the consequence if the Commission, instead of being an independent organ, designed and able to work alongside the Council, were to become a secretariat dependent on the Governments, an administrative agency of subsidiary importance — and for the moment I am ignoring the problem that arises from the fact that the Council already has a Secretariat, and that the constant presence of the Member States is assured by their Permanent Representatives, the Member States' Ambassadors to the Community.

Let me give you just one example to illustrate the significance of this problem. The Treaty of Rome itself recognizes that the substantive content of the various common policies cannot be worked out in governmental negotiations alone. Such a method was not expected to produce results. The Treaty of Rome therefore entrusted the job to the Community institutions. And experience with agricultural policy has shown that, if a unified policy for a given sphere is to be worked out and implemented, the Commission — the Community organ *par excellence* — must dispose of a measure of political momentum. As the common agricultural policy is the indispensable complement to free movement of industrial products, the Commission has been very active in this sphere. Agricultural policy is, as a result, considerably further advanced than common policy in other fields. With commercial policy, tax policy, economic policy, for instance, we are far behind the stage reached in agricultural policy. Were the Commission to undergo essential changes in its importance and functions today, the chances of making further progress with these other common policies would be drastically reduced.

Those Member States which are interested in a common agricultural policy and which, in co-operation with the Commission, have pushed ahead with this policy, would then have an advantage over those Member States whose chief concern is with other policies. However, it is a basic

requirement of fair play and equity that all Member States, including the Federal Republic, should in respect of the common policies of interest to them — tax policy for instance, or commercial policy or economic policy — benefit from the same conditions as were enjoyed by other Member States in their particular fields of interest.

So there have to be Community institutions, since there has to be a Community economic policy. How, one may ask, can one take the politics out of economic policy? Economic policy is and will remain a political matter. To take the politics out of the Community would be tantamount to abandoning all idea of a European economic policy and of a large-scale economy for Europe.

All the free economies of our time are supported by two pillars — private industry on the one hand, government on the other. This applies at national level; it applies at European level. To eliminate or hamstring the exercise of public authority in the Community is to ensure the breakdown of the entire operation, bringing us back to where we started — to six national economies. We cannot save the economic integration of Europe by trying to remove the so-called political element and to leave an economic nucleus in the hopes that it would be viable.

True, the statement that economic integration is a political matter has yet another meaning in addition to the one we have so far discussed. Not only are its object and organs political but also its further aims. And in this connection the word “political” takes on a further meaning. Economic integration cannot be explained in terms of its incontestable economic and social motives alone. It also brings into play political motives in the wide sense of the word. In fact these are even the main driving force of the whole undertaking. The merging of national economies in the continent of Europe by unifying the economic and social policies of the participating countries is part of the process of political unification of Europe. This unification is not confined to individual sectors of the public life of Europeans — such as their economic and social life — but aims at a new ordering of all political power in Europe, a coalescence of the States in Europe that will embrace in particular foreign policy and defence.

In considering the form which Europe is to assume we have reached the most sensitive point in this talk.

Some people ask whether, given the connection with overall political developments in Europe, it is not inevitable that the overall political problem should be one of the factors shaping the order established in the European Community for the economic and social sector. In other words, must we not first put the basic question which arises in relation to the overall political unity of Europe — i.e. the question of what form this “political unity of Europe” shall take, and only afterwards, in the light of the answers to this question, settle the final form of “economic” integration? The French approach to this basic question is that we must decide between a “Europe of the States” and an integrated, a supra-national Europe. The German version is that the choice must be made

between federation and confederation — not a very happy version, if only because these two concepts do not express any genuine alternatives but only differing degrees of unification.

This is what some say. Others (and not only the faint-hearted, who are inclined by nature to dodge difficult questions) ask whether all this has to be decided today. Is it really impossible to detach that part of the “dossier” which is being discussed at the present time? Can we not at least ease the pressure, can we not to some extent “take the politics out of” the questions surrounding the European Community, inasmuch as these general political controversies need not be fought out today? My remarks on the subject of “Politics and Economics” would not be what I promised — practical and topical — if I did not say something on this last question.

1. For the sector in respect of which unity of political approach has already been agreed upon, the basic question of the organizational structure of this unity has already been settled; it will be found in the Treaties of Rome and Paris. The formula chosen is the Community: Coal and Steel Community, Atomic Community, Economic Community. This solution — we have had a look at its main features — is in itself a compromise between the unitary concept (the “supranational”, if we wish to understand the word in this sense) and the concept of alliance, co-operation, confederation or whatever we prefer to call the loose forms of collaboration. This Community solution is valid by virtue of law, for “pacta observanda sunt” — and that is one of the most basic principles of what we know as Western civilization.

Thus the five Governments at present represented in the Council of Ministers of our Community have declared themselves for the complete maintenance of the Treaties. Their line of argument was as follows; the political and structural content of the Treaties — the principles of economic and social policy, the organizational norms — are as much an integral part of the Treaties (the “package deals”, if I may express myself in the jargon of the European politician) as their economic and social clauses. In other words the obligations which the individual partners have undertaken (their “sacrifices”, as people say) were assumed just as much because of this political content as for the mutual economic advantages, since the political content represents a political step towards European unity and embodies dynamic possibilities of further progress in this direction. Only if the Treaties are amended can anything be changed in this agreed equilibrium, and the Treaties themselves contain rules for any such amendment.

2. This in no way prejudices future developments.

We do indeed believe that experience with the “political” content of the Community Treaties provides us with important lessons for the ordering of those political sectors for which no European solution has so far been found, especially foreign policy and defence. In particular we doubt — again on the basis of experience — whether genuine progress towards full political unity can stem from any solution which does not provide

for some independent institutional embodiment of the common European interest. But we have never advocated any blanket extension of the existing Treaties to new fields. In those sectors for which a Community arrangement has not yet been found, the establishment of the new order must on the contrary be tackled without preconceived ideas and on political lines, starting — as was done in the fields already covered — with the material needs inherent in the sectors concerned. Why, in the present crisis of our Community, have businessmen and the representatives of the various walks of life in the Community placed themselves almost to a man behind the Treaties? Because these Treaties were not simply imposed on them from above; because they are not treated in the Treaties as mere objects, as instruments of a policy with preconceived aims and methods divorced from the realities of business life (as happens for instance in that part of the world which is dominated by communism); and because the problems posed have been solved on the basis of the needs and norms of European business, of European society itself, with the result that these businessmen, these representatives of the various walks of life find in the Treaties answers to their own problems, their own needs, their own legitimate interests. In the new fields, too, just as in the old, reasoning, arguments and conclusions should be based pragmatically on the facts of life in the Six, and they should be free, frank and open.

Above all, however, we should not think that all these questions still pending can be decided today by words. They will be decided tomorrow by deeds. Let us leave to History what is due to it. Let us do our duty today thoughtfully, dispassionately and with determination. And let us build on the assumption that we, or others who will then be responsible, will be able to perform this duty tomorrow. We cannot do everything at once. Today we can only make the task ahead easier by creating favourable conditions.

3. Looking at this situation as a whole, I am as convinced today as I was in March 1957, when I put my name to the Treaties on the Capitol in Rome, that taken together the many parts of the Treaty provide a fair answer to the problems that had to be solved. It gives to each his due: the States and the Community, producers, workers, consumers, industry, agriculture, transport, and the liberal professions. It ensures that there shall be no regression or collapse in measures of European unity once achieved. It does not obstruct the future, but constantly offers fresh opportunities for action.

Above all, however — and I would like to conclude my talk on the subject of “Politics and Economics” with this remark — it makes of business and other activities of our society an organic part of political life. The ultimate motive force which inspires those who are seeking the political unity of Europe corresponds after all to the deepest and most vital requirements of the European economy, of European society. It springs in part from recognition that our shrinking world imposes a scale of geographical values different from those with which we have been familiar in the fragmented European landscape of yesterday and today; it springs, too, from the recognition that without a healthy, vigorous and flourishing

Europe actively participating in world policy neither the European States nor the world can really prosper; to this is added the recognition that Europe is threatened in its way of life and will surmount this danger only if it combines its material, cultural and political forces, and that any obstinate clinging to fragmentation and fostering of inner conflicts would make Europe the Balkans of the modern world and would be a permanent invitation to others — the great Powers — to intervene and, in the interests of their own security, to impose order in the European area.

It is this force which will finally carry the day. No crisis can change the outcome, because in the long run reason is stronger than any error: and so the future still belongs to us.

I. Declaration by the Council

During the Council of Ministers which was held at Brussels on 25 and 26 October, a thorough exchange of views took place on the contents of the Memorandum submitted by the Commission on 22 July 1965, and on the general situation of the Community since the Council meeting of 30 June.

The Governments of the Federal Republic of Germany, of Belgium, of Italy, of Luxembourg and of the Netherlands solemnly reaffirm the necessity of continuing to implement the Treaties of Paris and Rome in accordance with the principles contained therein, in order to achieve the progressive merger of their national economies in both the industrial and agricultural sectors. This is the only policy which can enable Europe to develop, to raise the standard of living of its population and to guarantee its influence in the world. The Governments consider that the solution of the problems confronting the Communities must be found within the framework of the Treaties and of their Institutions.

They are convinced that the negotiations interrupted on 30 June must be resumed as quickly as possible. To this end, the delegations examined the suggestions contained in the two parts of the Commission's Memorandum. They noted their agreement on the fundamental principles which, in their opinion, should enable negotiations among the Six to succeed. They instructed the President of the Council to inform the French Government of this and to appeal urgently to it to resume its place in the Community's Institutions. They are convinced that it will then be possible, following the Community procedures, to adopt the regulations required in order to complete the common agricultural policy within the harmonious development of the Community.

Taking into account the statements made by the President of the French Republic on 9 September and by the French Minister for Foreign Affairs on 20 October, the delegations also instructed the President of the Council to invite the French Government, within the framework of the Treaty of Rome, to join them in a special meeting of the Council of Ministers at Brussels. As an exception to the usual practice, this meeting could be held with only the Ministers present, as provided for by the Council's Rules of Procedure. The agenda should be restricted to an examination of the general situation of the Communities.

It would be highly desirable that this meeting should be held as soon as possible.

Acting on the instructions of his colleagues, the President of the Council, M. Colombo, forwarded on 27 October to M. Couve de Murville, the French Foreign Minister, a letter informing him of the declaration.

At the close of the session, M. Colombo received M. M. Ulrich, the French Deputy Permanent Representative with the European Communities, to inform him of the Council's work.

II. Debate on the Activities of the EEC (Eighth General Report)

On 20 and 21 October 1965, the Parliament held a debate on the Eighth General Report on the Activities of the Community. The general rapporteur was M. Charpentier. This debate, which issued in an important resolution ⁽¹⁾, was of special interest because of the crisis which had begun on 30 June 1965, and many members took this opportunity to make known their views on the situation.

Introduction by M. Charpentier

The debate was opened by M. Charpentier (France, Christian Democrat), who decided in the circumstances not to discuss his report but to deal with what was uppermost in everyone's minds, the crisis: "What is our present position? Where are we going?"

Replying to the first of these questions, M. Charpentier said that the Community had since its inception made immense strides — and there could be no going back — in creating a customs union and gradually integrating the markets: for industry in the six countries and in the non-member countries as well, the Common Market had come to stay.

Progress with regard to common energy, transport, commercial and social policies had been slow: "We must integrate if we are to succeed". The measures already adopted for a common agricultural market, for a short-term economic policy, and for a medium-term economic policy all sprang from political decisions which would scarcely be meaningful if federation were not to be the final goal. It was obvious, too, that the Six should speak with one voice in their dealings with other countries, as they had already done in the Kennedy round. In the face of growing competition in the world outside, it was vital for the Six to organize industry at European level: between the two extremes of complete liberalism — which existed nowhere today — and *dirigisme*, there was the middle way of drawing up economic programmes, which was necessary for expansion and by which certain priorities in the satisfaction of needs could be established. Referring to President Senghor's speech at the France-Africa Conference in Cannes, M. Charpentier said that in the associated countries of Africa, the crisis, which was causing considerable concern there, was seen as a threat not only to financial aid but also to the value of the Community as an example. There was a mass of argument to show that there could be no enduring solution other than a federated Europe: "We cannot go on vacillating, much less can we turn back".

As to the nature and causes of the present crisis, M. Charpentier said that its nature had been determined by the press conference given by General de Gaulle: he had called into question a Treaty signed and ratified by France. "Only last year Britain was kept out, allegedly because she would not give proper effect to the Treaty; now she

(1) See annex to this Bulletin.

would be welcome because the British approach turns out to have been the right one. This has taken us a long way from the financing of agriculture". He believed that the vast majority of Frenchmen were loyal to the Common Market. The speaker then turned to the Commission's proposals discussed on 30 June. Their aim had been to finance the various agricultural markets by Community arrangements to endow the Community with its own resources from levies and customs duties, and to establish budgetary control by the European Parliament.

The payment of levies to the Community had been decided at the suggestion of France: the abolition of all customs duties between the member countries meant unavoidably that one day the common external duties would flow into the Community coffers, and this was in fact laid down in Article 201 of the Treaty. Moreover, the Parliament must be allowed to exercise the essential function of any parliament, all the more since these matters were now escaping the control of the national parliaments. At its session of 23 December 1964 the Council had, in fact, already made provision for conferring wider powers on the European Parliament.

The Commission's proposals, bold though they were, were only logical. They derived from the letter and the spirit of the Treaty; they concurred with the various decisions of the Council.

The rapporteur therefore deplored the "abrupt cessation of negotiations which might very well have been brought to a successful conclusion" and the "legally and morally unjustifiable policy of the empty chair". "If one or more governments are no longer willing to apply the Treaty in its letter and spirit, they must say so, not as a demonstrative gesture to others, but plainly to their own partners, and accept responsibility for breaking up the Common Market".

On the second question — "Where are we going?" — M. Charpentier discussed ways and means of bringing about an economic, social and political revival of the Community. He noted first the progress made in the field of public information, adding that the psychological factor had been too much neglected in the past.

What was needed was a clearer demarcation of the roles of the Community institutions, which was all the more important since one of them was under attack; of particular significance was the role of the Commission, which had to maintain — from a position of independence — the dialogue with the Council so as to further the implementation of the Treaty: "to demote the Commission to the level of executive secretariat to an intergovernmental conference would mean the death of the Common Market".

As for the Parliament, M. Charpentier reminded the House briefly that the original intention had been that it should be elected by universal suffrage and its legislative and budgetary powers should gradually be widened.

As he had explained with examples in his opening remarks, it was becoming more and more unthinkable that political integration and economic integration could be dissociated. He hoped that the six States would confer and agree on common positions in the field of defence and foreign affairs. He recalled the decisions of 18 July 1961 taken in Bonn by the six Heads of States "to give shape to the will for political union already implicit in the Treaties establishing the European Communities". He hoped that a common plan would be prepared which would, at long last, allow of progress in the political field.

Concluding, he referred to the main objectives of a federated Europe: beyond material interests, to bring the world "a message of prosperity and peace", to maintain aid to the developing countries, and enlarge the Community to include other countries. There were two alternatives: "the policy of withdrawal, bilateralism, egoism, national pride, or the upward path, broadened and still broadening: the advance of the Community". "Between these two alternatives", he concluded, "my choice is more than ever for a federated Europe — I choose the path of hope".

President Hallstein's speech

M. Walter Hallstein, President of the Commission, then addressed the House. After congratulating M. Charpentier on his excellent report, he explained the grounds on which the Commission had presented its proposals for the financing of the common agricultural policy. He stressed that proposals from the Commission could, under the Treaty, be amended by the Commission — when the reactions of the members of the Council were known — at any time so long as they had not been finally adopted by the Council. On the night of 30 June to 1 July it had become clear that given the importance and the complexity of the problems, time was too short for the Commission to ascertain what suggestions would be acceptable to the individual members of the Council, which it would have had to do before it could make compromise proposals. Many questions which the Commission would have had to put to the Council were still unanswered. It would therefore be wrong to conclude from the negotiations in the Council that agreement had been impossible: all that could be said was that under the circumstances agreement was not reached.

President Hallstein then described the essential content of the Commission's memorandum of 22 July 1965. It contained no proposals concerning the powers of the European Parliament since not the slightest hint on which the Commission could work had emerged from the discussions in the Council.

He then turned to the other subjects of the memorandum, notably the composition of customs union for both industrial and farm products. The Council must agree on completion of customs union for 1 July 1967, since industry was counting on this date and was entitled to expect the governments to fulfil their commitments; it could not be denied that thousands of millions had been invested on the strength of the Treaty having been signed and of its being put into effect. Moreover, the Council should also adopt a work schedule for the common agricultural policy which would contain arrangements for the establishment of new market organizations and the fixing of common prices.

On the question of the financing of agriculture from its own resources, he explained that the Commission's memorandum took account of the Council's view that the final form of the agricultural financing arrangement should not be timed to coincide with the completion of the customs union, in other words that there would be transitional financing measures until 1970. Whereas in the original proposals the principle had been that all external revenues should accrue to the Community, the memorandum attempted to meet the governments half-way by taking expenditure as the basis for a compromise, the idea being that from 1970 onwards only such funds should accrue to the Community as were needed to cover expenditure.

The views of the parliamentary groups

The spokesmen for the various parliamentary groups then addressed the House.

Speaking for the Christian Democrat Group, M. van Campen dealt mainly with economic and financial problems. He said that the effects of the short-term economic policy recommendation of 15 April should be consolidated by medium-term policy. At present there were disparities, and there seemed no way of bringing the upward price movement to a halt. This situation was due to structural faults, notably imperfect competition, as well as the general trend. The Christian Democrat Group was in favour of an even wider liberalization of markets, of the abolition of tax frontiers, and of a common system of added-value tax. Something must also be done to offset the effects of disparities arising from unequal direct taxes on the financing of enterprises. He wondered whether the monetary authorities of the six countries were fully aware of current problems and whether adequate measures had been taken. Any action in this field should be the result of joint decisions. There was a great need for fuller monetary co-ordination within the Community; he asked the Commission what procedure it intended to adopt and in particular how the Committees provided for ⁽¹⁾ would play their part.

He also stressed the need for productive investment. He wondered whether the inferiority of the Community's competitive capacity vis-à-vis non-member countries was not a matter for serious misgiving. He thought the Commission was right to obtain advice from all appropriate sources (Committee of the Governors of Central Banks, the Budgetary Policy Committee and the Short-term Economic Policy Committee) and concluded by endorsing the Commission's proposals for this year, suggesting that two problems deserved special attention: the slowdown in the growth of the working population, and the level of investment, particularly public investment (by local authorities).

Mme. Strobel was prevented by illness from attending and it was therefore M. Kapteyn who spoke on behalf of the Socialist Group. He began by thanking the rapporteur for his report. He would not, he said, deal at length with the activities of the Community over the year, but would concentrate on the current crisis. This crisis was as harmful to the interests of France as to those of her partners and those of the associated African countries. He deplored France's attitude since 30 June 1965, which was inconsistent with the views she had expressed previously, both in the course of the negotiations with the United Kingdom and in discussions on agricultural policy and on the dairy produce market. He reminded the House that the Court of Justice, in a judgment of 13 November 1964 concerning the application of Regulation No. 25, reached the conclusion that the failure on the part of the Council to carry out a commitment did not dispense the respondent from fulfilling his own obligations.

Commenting on the statements made by the French President at his press conference, M. Kapteyn said that they had clarified the situation; their effect, if not indeed their intention, was to bring the development of the Community to a halt and to force a revision of the Treaty. But France had signed this Treaty for an indefinite period. General de Gaulle's vision of Europe could be compared with that of Metternich — an association of independent states — but there was this difference that the latter had in mind an association of states with equal powers.

(1) See Eighth General Report, sec. 134.

Turning to the problem of agricultural financing, M. Kapteyn reminded the House of the views of socialists in the six countries on this question and called for a resumption of negotiations in the Council so that all that the Treaty of Rome had accomplished in seven years should not come to nought: the only problem to be discussed was that of the financing of agriculture, and this should be done on the basis of the Commission's memorandum and in the framework of the Council. If there was no way out of the crisis, the Five must be ready to pursue their work towards integration alone. He reminded the House that the socialists of the six countries had always been in favour of admitting the United Kingdom to membership, but that they had given way when negotiations with that country had failed. In the same way, they wished it to be known that they did not believe a Europe without France was the right solution either, but if they were forced to choose between a watered-down Treaty or continuing as Five with the legal and constitutional bases of the Treaty maintained, they would choose the second alternative, one which had in fact been approved by a majority of the French people, and carry on — even without France — along the road mapped out by Robert Schuman and Jean Monnet.

Speaking for the Liberal Group, M. Brunhes began with brief comments on M. Charpentier's report and the Commission's Eighth General Report.

He dealt first with the situation of firms in the six Community States. The Liberal Group, he said, attached special importance to promoting European-size firms; for this the legal framework of a European company and a European patent law must be created. But it was important to make sure that the encouragement of mergers did not engender monopolies or dominant positions. Industrial combination by no means implied the disappearance of small and medium-sized firms.

Progress on building up the common policies had been too slow. The reason why there was still no energy policy was "the present division of competence... and a total lack of political will in the Council of Ministers". As for transport policy, he hoped that the agreement reached on 22 June 1965 would be presented to the Parliament: it did not give any clear picture of the future of transport in the Community and in both form and content differed widely from the proposals which had previously been referred to the Parliament. On regional policy, "concrete measures should be taken without delay"; they would have considerable psychological effects. The Treaty setting up the single Executive should be ratified promptly. The 10 % tariff cut on 1 January 1966 should go through as planned, for he saw no reason why progress on internal tariffs should be halted because of the crisis. He expressed concern as to the future of tariff alignment measures and of the Kennedy round.

He went on to analyse the situation resulting from the crisis: "this is a case of deliberate disruption", he said, "and the Commission is being made the scapegoat because to wreck the Commission would be to wreck the really original feature of the Treaty". The French Minister of Agriculture must have known that joint financing of the common agricultural policy would automatically necessitate the arrangements proposed by the Commission.

In his closing remarks, after an allusion to the history of the United States, he observed: "Either the organization will be integrated and it will work or else it will not be integrated and then it will not exist". They should, he said, turn their back on the past and consequently against the resurgence of nationalism and look forward to a "living and powerful European federation".

Speaking for the UDE ⁽¹⁾, M. de Lipkowski (France) told the House that after M. Charpentier's speech, which had been "immoderate and objectionable", the UDE Group would vote against the resolution instead of abstaining as they had intended. He thought it a pity that the European Parliament should compromise its standing with the Council by "adding fuel to the flames".

He could not agree that the press conference of the French President on 9 September 1965 was the cause of the crisis: on the contrary, General de Gaulle had endeavoured to raise the level of the debate and to clear away ambiguities. As for the underlying reason for the failure of 30 June 1965, France had several times sounded a warning note. It was not true that France had deliberately caused the break. France had gone a long way to meet the requirements of Italy in the course of the discussions of 30 June. The German view of sacrifices made in the agricultural sector was, he thought, wrong: German concessions were a fair *quid pro quo* for the great advantages Germany had gained from the industrial common market.

The breakdown had shown that the partners were not all convinced that agriculture must enter fully into the common market. This was an attitude which France could not share.

While admitting that the Commission was an institution which had so far played its part with remarkable effectiveness, M. de Lipkowski none the less felt that the Commission had carried logic too far; it had taken up unrealistic positions on certain points and nurtured the illusion that it could compel governmental decisions: that was how the crisis arose. As for the majority rule, France was not asking for a revision of the Treaty, but it had doubts as to what might happen if the majority rule were at some time in the future to be applied in matters of agricultural or tariff policy, with the risk that decisions contrary to a country's vital interests might be forced upon it.

It was alleged that France was trying to leave the Common Market. The real reasons for the failure of 30 June were not those which had been given to the House. The problem to be settled had been solely that of the financial regulation, a problem which could have been settled apart from any political commitments. Now, despite the warnings of France, the Commission had been rash enough to present an ambitious political package deal, a "take it or leave it" going beyond the matter in hand. Thus at one stroke it rendered the solution of the problem of the financial regulation more difficult and, by attempting to compel the governments to act against their will, prevented itself from playing its normal role of conciliator: "the only justification for an operation so wide in scope", he added, "would have been its success".

Referring to the different positions taken up within the Council with respect to the financial regulation for agriculture, M. de Lipkowski disagreed with the other Groups when they claimed that France was isolated vis-à-vis her five partners. On certain points, he said, France was the least isolated of all: it was the Commission that on a number of points had appeared to be isolated. The Belgian and Luxembourg governments in particular had in fact expressed views very close to those of France.

He did not agree that to prolong discussion on the night of 30 June would have led to a solution: "it was obvious that the will to succeed was not there", and the circumstances had not been the same as on other occasions — for example, 14 January

(1) Union Démocratique Européenne.

1962 — when the Council had stopped the clock. “This time the Commission would have had to change its proposals in order to learn the governments’ views”.

In conclusion, M. de Lipkowski suggested that the Parliament should consider three questions: the common agricultural market, a question to which France attached very great importance, the role of the Commission, “wrongly called the Executive”, and lastly, the majority vote. “Not a single government is willing to allow decisions contrary to its vital interests to be imposed upon it by a majority”. He suggested that a beginning should be made with an agreement on the political aim of Europe: “a political Europe will not exist until a common policy for Europe has been formulated”.

The general debate

After a suspension of the sitting requested by M. Pleven to give the members of the Parliament an opportunity to read reports being received of M. Couve de Murville’s speech in the French National Assembly, President Hallstein again took the floor mainly in reply to M. de Lipkowski.

He wondered what precisely was meant by the allegation that the Commission had “carried logic too far”: there could be no such thing as exaggeration in logic. The essence of logic was that it was either present or not. In connection with the remark by the same speaker that a proposal would have been justified if it had succeeded, he wondered whether that meant that a proposal that was right in substance became wrong because it was not accepted by all and that a proposal that was wrong became right if it was accepted. Earlier Commission proposals could also have been stigmatized as exaggerated logic, for example those made in connection with planning and cereal prices, but they had none the less been adopted. Moreover the Commission’s proposal on the financing of agriculture had been a proposal like any other proposal. One way in which it was logical was that the separate parts were consistent with and supported each other and that the parts unquestionably formed an organic whole. He noted the observation by M. de Lipkowski that in the negotiations on 30 June there was no common front of the five against France, but the contention that the reason for the crisis was the fact that the five delegations had refused to comply with French wishes had always been a French argument and never one accepted by the other delegations or by the Commission. Nor could it be argued that a promise given France by the five had been broken: the simple truth was that the Six had set themselves a deadline which they were not in a position to meet. But the attempt, in the face of the facts, to lay the blame for the crisis at the Commission’s door had failed. What caused the crisis was that a member country was not attending Council meetings. Even if the Commission had been at fault, even if it had made blunders, this could not justify the present behaviour of one member of the Community. The decision to stay away had been an independent decision of one member Government, and it was a decision not permitted by the Treaty, which, moreover, provided adequate machinery for a state to obtain redress for its grievances.

Concluding, President Hallstein stressed once more that in making its proposals the Commission had done no more than strictly comply with a request of the Council; it had kept strictly to the instructions given to it by the Council decision of 15 December 1964.

After this speech and statements from the political groups, the House began an open debate, in which the speakers were numerous. From this there emerged very general agreement on the nature of the crisis and on ways of resolving it. Most speakers thought that political disagreement rather than agriculture was the cause of the crisis. Some called for a resumption of the dialogue and acceptance of the suggestions made by the Belgian Minister of Foreign Affairs. They felt that the discussion should also be pursued at political level with each party avoiding any hardening of positions which would blight all prospects of a successful outcome. M. Scelba regretted that no action had been taken on the 1961 Bonn declaration of heads of government. M. Vals spoke of the continuity of Gaullist policy on Europe, finding a confirmation of this in M. Couve de Murville's speech as well as in the press conference. Referring to the remarks made by the French President or the French Minister of Foreign Affairs concerning the Treaties, he pointed out that the ECSC and Euratom were French-inspired institutions and that although the EEC Treaty had been mainly drafted by the Belgian Minister of Foreign Affairs, his most authoritative advisers had been French. The other speakers — M. Santero, M. Pêtre, M. Sabatini and M. Bersani — examined the arguments put forward by M. de Lipkowski, stressing that the UDE was isolated in the Parliament, from all members regardless of nationality or political views.

At the close of the debate, M. Pleven put three specific questions to the President of the Commission:

- a) Was it true that the pooling of agricultural levies had originally been proposed by the French Minister of Agriculture, supported by the French Minister of Foreign Affairs?
- b) Was it true that the pooling of agricultural levies was to entail as a corollary a progressive pooling of customs duties?
- c) Was it true that the Treaty itself made provision in so many words for the pooling of customs duties and that the Commission was free at any moment to make proposals on this subject?

M. Hallstein replied in the affirmative to the first and third questions. On the second, he said that an affirmative reply was natural since agricultural development and industrial development were to proceed concurrently.

Winding up the general debate, M. Charpentier also took up some of the remarks made by the UDE spokesman: "M. de Lipkowski's conception of Europe is very different from ours". What M. de Lipkowski wanted to do was to leave things at the independent-nation stage: "As for me", said M. Charpentier, "I am anxious to see a real Europe".

At the sitting at which the resolution was adopted explanations of votes were given and other short speeches made.

M. Deringer (Germany, Christian Democrat) said that in his view the question raised by the French attitude was not that of the implementation of the Treaty but that of its revision. However, for this, two conditions must be fulfilled: in the first place no request for revision could be rejected, on whatever points it bore and whichever country made it, and this involved certain dangers: for example, the French attitude had been welcomed by some members of the farming community in Germany, who hoped for a revision of the common agricultural policy. In the second place, confidence

in the legal basis of the Treaty was vital for the survival of the Community, and if it was proposed to negotiate outside this framework, even for the sake of the future, that basis would be undermined: it was an illusion to imagine that the separate states could pursue their own policies effectively nowadays: only a united Europe could have the stature needed in the present-day world.

M. Burgbacher (Germany, Christian Democrat) noted M. de Lipkowski's remarks that the crisis would be over within a year. For himself, he could not believe that this was a question of life or death for the Community; the bonds forged between the peoples of Europe could not now be broken.

M. Metzger (Germany, Socialinst) saw no other way of resolving the crisis than by a continuing advance along the road mapped out by the Rome Treaty. Referring to the role assigned to the institutions in the implementation of the Treaty, he said that a change in their powers, their relationships and in the balance established between them could not be entertained: any interpretation of the Treaty amounting to a revision would be a breach that the Parliament of the member countries could not accept.

M. Scelba (Italy, Christian Democrat) defended the Italian Government against the attacks that had been made on it by M. de Lipkowski, and called upon the UDE spokesman to reconsider his decision not to take part in the vote so as to avoid creating confusion between the polemics of the French electoral campaign and European policy, which must be regarded as a separate domain.

M. Sabatini (Italy, Christian Democate) also challenged M. de Lipkowski's remarks concerning Italy's share of responsibility for the crisis.

Explanations of votes of the political groups and voting of the resolution

M. Poher announced that the Christian Democrat Group would vote unanimously for the resolution. The Group declared that "it had chosen once and for all a united Europe in the place of the interchangeable and reversible alliances of the past". Community Europe had created a new political order. Nobody could deny that there was a growing sense "of the common European weal going beyond that of the individual nations, however honoured these might be".

Speaking in his personal capacity, M. Poher pointed out to M. de Lipkowski that the federators of today were no longer, as in the past, the heads of state, Charlemagne, Charles V, Napoleon, but the millions — workers, industrialists, students, young people — who had understood that the 19th century system of nation-states was outmoded and who now looked boldly to the future.

Next M. Pleven announced that the Liberal Group would also vote unanimously for the resolution. He wondered whether France would carry through the 10 % tariff cut provided for by the Treaty on 1 January next. He warned the House of the danger that the French Government might step up its attack on the Treaty of Rome by a process of escalation. The discussions of 30 June 1965 had been of a technical nature and there had been no tendency among the Five to exacerbate the dispute. General de Gaulle's press conference was a second stage; the thinking of "Europeans" had been ridiculed and the functions and rights of the Commission had been challenged. "Finally, yesterday, M. Couve de Murville's speech brought us to a third step in the escalation

process, hinting at a general revision of the three Treaties". M. Pleven wondered whether there might not be a fourth stage.

Addressing his colleagues from the other countries, M. Pleven said that even when one was in opposition to one's government, attacks on one's country were painful; he asked them in expressing criticism to speak not of France but of the French Government. He called on them to remain patient and united. "Community Europe will triumph in the end".

M. Kapteyn (Netherlands, Socialist) then announced that the Socialist Group would vote unanimously for the resolution. He treated ironically certain remarks of M. de Lipkowski on the similarity of their positions.

Replying to a number of questions and criticisms, M. de Lipkowski repeated that "neither the crisis nor the obstruction came from France, they came from other countries". What he had said in his first speech was fully concordant with the speech made the day before by the French Minister for Foreign Affairs. He went on to attack M. Pleven's reasoning. Being interrupted several times, he exclaimed "if you don't want me to explain the French position, there is no point in the French delegation remaining here!" On protests from different parts of the House that there were no national delegations in the European Parliament, but European political groups, the UDE representatives left the hall.

The Parliament then adopted the resolution presented by M. Charpentier (1).

(1) See Annex.

III. Internal activities

THE ESTABLISHMENT OF THE COMMON MARKET

Customs matters

Towards the common customs tariff

1. On 21 October 1965 the Commission addressed a memorandum to the Council on the effects of the measures taken to speed up the alignment of national tariffs towards the common customs tariff.

In the two decisions to adjust national tariffs earlier than was originally planned, the basis of calculation adopted was the common customs tariff less 20 %. This had been agreed upon at the time of the first decision to bring forward the date of adjustment, in connection with the offer of a linear reduction which was made by the Community at GATT (Dillon round).

The second decision also laid down that, in view of the prospects for the Kennedy round negotiations, the second adjustment towards the common customs tariff should be made "on an appropriate basis applicable for a limited period" (until 31 December 1965, adjustment on the basis of the common customs tariff less 20 %).

From 1 January 1966, then, the problem of conformity with Article 23 will arise. The Commission is, however, aware that this time-limit also poses problems for the Community, and it is willing to consider any measures by which these problems may be solved within the framework of the Treaty. The main provisions of the Treaty which might be applied are those of Article 26 (postponement of the lowering or raising of duties) and of Article 28 (suspension of CCT duties).

Tariff quotas

2. On 19 October 1965 the Commission, acting under Article 25(3) of the Treaty, authorized the following tariff quotas for imports from non-member countries⁽¹⁾:

(1) See official gazette No. 194, 16 November 1965.

Member State	Tariff heading	Description of product	Quantity (m.t.)	Duty	Period
Italy	ex 07.01 A I	Seed-potatoes of the Kennebec and Majestic varieties	7 000	3 %	1. 1.66 31.12.66
Netherlands	ex 08.02 A I and II	Oranges, bitter	150	6 % 4.5 % (¹)	1. 1.66 31.12.66
Germany (FR)	ex 08.02 A I and II	Oranges, bitter	150	9.5 % 8 % (¹)	1. 1.66 31.12.66
B.L.E.U.	ex 08.02 A I and II	Oranges, bitter	60	6 % 4.5 % (¹)	1.11.66 31.12.66
Italy	ex 12.03 A	Certain sugarbeet seeds	900	2.2 % 4.5 %	1.11.65 31.12.65 1. 1.66 31.10.66

3. On 19 October 1965 the Commission, acting under Article 25(3) of the Treaty, authorized the Federal Republic of Germany to reduce the customs duty on fresh tomatoes (ex Heading 07.01 M I of the CCT) to 6.8 %, the minimum charge being 3.5 % plus DM 2.40/100 kg net weight. This decision is applicable from 1 January to 31 March 1966 (²).

Countervailing charges (decisions under Article 235)

4. On 12 October 1965 the Commission adopted five decisions further amending its decisions of 6 November and 21 December 1964 authorizing Germany, France and Italy to impose countervailing charges on imports of certain goods (³).

The aim is to revise the countervailing charges in order to allow for the reduction in world sugar prices since 31 March 1965.

The authorizations granted by the Commission concern imports of the following goods:

Germany:

- i) Bread and similar products from the Netherlands;
- ii) Biscuits and waffles from B.L.E.U. and the Netherlands;

(¹) The rates vary according to the time of year.

(²) See official gazette No. 194, 16 November 1965.

(³) *Ibid.* No. 184, 5 November 1965.

iii) Soft caramels, hard caramels, sugared almonds and fondant paste from the other Member States;

iv) Dextrins from France and the Netherlands.

France :

i) Sugar confectionery not containing alcoholic liquer, from the other Member States;

ii) Chocolate, confectionery and preparations containing cocoa or chocolate from BLEU, Germany and the Netherlands;

iii) Dextrins and prepared glazings from Italy, the Netherlands and BLEU;

iv) Glucose (dextrose) from BLEU, Germany and the Netherlands.

Italy:

Dextrins from France, the Netherlands and Germany, and prepared glazings from France and the Netherlands.

5. On 26 October 1965 the Council adopted a decision extending for a further period and further amending its decision of 4 April 1962 providing for a countervailing charge on certain processed agricultural products ⁽¹⁾. The decision of 4 April 1962, which had already been extended and amended by a decision of 29 March 1965 ⁽²⁾ and further extended by a decision of 15 June 1965 ⁽³⁾, was only applicable until 31 October 1965 but, as the reasons for which it was adopted still obtained, it appeared necessary to extend it again as a temporary measure until 30 June 1966. As protection between Member States is to be progressively eliminated as a matter of principle, the Council decided that the amount intended to protect the processing industry may not exceed 2.5 % of the price of goods on import into the applicant Member State for the period between 1 November 1965 and 28 February 1966, and 1.5 % of that price between 1 March and 30 June 1966.

6. On 27 October 1965 the Commission took two decisions, one extending for a further period eight of the decisions (see above) pursuant to the Council decision of 4 April 1962, and the other (also mentioned above) extending for a further period and amending its decision of 6 November 1964 authorizing France to impose a countervailing charge on imports of chocolate, confectionery and preparations containing cocoa or chocolate but not alcohol from B.L.F.U., the Netherlands and Germany ⁽⁴⁾.

⁽¹⁾ See official gazette No. 30, 20 April 1962.

⁽²⁾ *Ibid.* No. 51, 30 March 1965.

⁽³⁾ *Ibid.* No. 109, 23 June 1965.

⁽⁴⁾ *Ibid.* No. 193, 15 November 1965.

COMPETITION

Approximation of legislation

Pharmaceutical products

7. The Working Party on pharmaceutical products met from 30 September to 1 October 1965 in Brussels.

The experts examined in detail problems connected with the mutual recognition of licences for marketing branded pharmaceuticals. The main points of a recognition arrangement were discussed and the first version of a draft directive will be examined at the next meeting.

A member of the Technical Committee (colouring matters section) gave an account of the Committee's work on the drafting of the annexes to the directive on permitted colouring matters in branded pharmaceuticals, and answered questions from the experts.

The Working Party also examined problems arising in connection with the implementation of the Council's directive of 26 January 1965 ⁽¹⁾.

Technical obstacles to trade: introduction of a stand-still procedure

8. On 20 September 1965 the Commission adopted a recommendation to the Member States that certain technical laws, regulations and instructions should be notified to the Commission while still in draft form ⁽²⁾.

This recommendation concerns the fields in which the Commission has decided to effect by way of directive or regulation a harmonization of present arrangements. It is recommended that drafts be transmitted in good time so that the Commission can submit to the State concerned any comments it may wish to make before the provisions are actually adopted.

The aim of this recommendation, which is based on Article 5 of the Treaty, is to ensure that intra-Community trade is not hampered by the introduction of new laws and regulations by the Member States in the very sectors where harmonization has already begun.

This recommendation refers in particular to any new provisions concerning the quality, composition, packaging, preservation and supervision of certain industrial and agricultural products.

Postal services

9. The Commission is continuing its work with a view to settling certain postal service questions on the basis of Article 100. The agenda of the next meeting of the appropriate Working Party will include the standardization of the size of envelopes and

⁽¹⁾ See official gazette No. 22, 9 February 1965 and Bulletin 3-65, sec. 17.

⁽²⁾ *Ibid.* No. 160, 29 September 1965.

packets and of weight categories for letters. A questionnaire has already been sent out to the Member States.

Taxation

Harmonization of direct taxes

10. A joint meeting of Working Parties IV (direct taxes) and V (international tax questions) was held in Brussels on 5 and 6 October to examine, on the basis of a document drafted by the Commission's staff, the question of the taxation of international mergers of companies. A progress report drawing on memoranda sent in by the various delegations to the secretariat of Working Parties IV and V is now being drafted and will probably be discussed towards the end of 1965.

FREE MOVEMENT OF PERSONS

Free movement of workers

Advisory Committee

11. The Advisory Committee set up by Regulation No. 38/64 (free movement of workers) met on 1 October 1965 with M. Levi Sandri, Vice-President of the Commission with responsibility for social affairs, in the chair.

The Committee held a general discussion of the problems arising in giving effect to the medium-term economic policy, in particular the various means considered for achieving a balanced employment situation.

Suggestions were made for arrangements to retain part of a foreign worker's wages for the members of his family still living at home.

The Committee also took note of the third annual report on clearing activities in the Community, which had been drawn up by the Co-ordinating Office. The Committee again stressed the vital need for comparable data without which valid observations for the whole of the Community were impossible.

Standard criteria

12. At a meeting on 15 October, the Working Party on standard criteria, which is attached to the Free Movement Technical Committee, examined and approved a draft opinion for the Technical Committee on the adaptation of the "standard outline forms" to the provisions of Regulation No. 38/64, and on the definition of the concepts "vacancy", "job application" and "placement" for the purposes of this regulation.

A plan of work to be carried out under Articles 29 and 36 was established and the Committee then continued its review of ways and means of improving the country-to-country comparability of statistics on vacancies, job applications and placements, broken down by categories of occupations.

Right of establishment and freedom to supply services

The European Parliament

13. At its session of 18-22 October 1965, the Parliament adopted a resolution on the Commission's proposal for a Council directive on freedom of establishment and freedom to supply services in self-employed retail trade activities (Group ex 612 ISIC) and a resolution on a proposed directive on transitional measures in the same field ⁽¹⁾. The two resolutions endorse the Commission's proposals with minor amendments or additions. In particular, the Parliament suggests, with regard to the second directive, that in the cases referred to in Article 3(a) and (c) (actual pursuit of the activity) the period of work accepted as adequate evidence of knowledge of the retail trade and of general, commercial or professional ability should not have ended more than five years before the date of filing of the application, unless the host country allows its own nationals a longer period. The Parliament also suggests that the work of departmental head in a large factory or other duties involving commercial responsibility should be treated as activity of a head of firm for the purposes of Articles 3 and 4 of the directive.

The Economic and Social Committee

14. At its 49th meeting on 28 October 1965 the Committee rendered an opinion on three proposed directives concerning self-employed activities: restaurants, bars, hotels, boarding-houses and camps, the transitional measures connected therewith, and self-employed work in forestry.

Endorsing the Commission's proposals, the opinions on the two "personal services" directives stress the importance of the simultaneous entry into force of the retail trade directives and those concerning the food and beverage industries. With regard to the third directive (forestry work), the Committee recommends Article 235 as a suitable basis for the co-ordination of national forestry policies.

ECONOMIC AND FINANCIAL POLICY

Short-term economic policy

Quarterly Survey of the economic situation in the Community

15. The EEC Commission has published its Quarterly Survey (No. 3/1965) of the economic situation in the Community.

(1) See Bulletin 6/1965, Chap. II, section 8 and Supplement to Bulletin 6/1965.

The Survey describes the main features of the economic situation in the Community in the second quarter and the summer months. It also examines for the Community as a whole and for the various member countries the outlook for the remaining months of 1965 and for the full year 1966.

Annexed to the Survey is the text of the opinion concerning the preliminary economic budgets for 1966, adopted by the Short-term Economic Policy Committee on 8 July 1965.

With regard to the overall situation, the Commission reports that economic expansion in the Community continued in the second quarter and — as far as can be judged from the incomplete statistics at present available — in the summer months as well.

Though the stimulus provided by external demand was rather less than at the beginning of the year, the value of goods exported to non-member countries (as shown in foreign trade statistics) was 11 % higher than a year earlier. Sales to the United States increased particularly fast.

In contrast to external demand, demand from within the Community will probably have risen a little more rapidly than before.

Expenditure on gross fixed asset formation continued to increase at about the same rate as in the first quarter. In the Community as a whole, expenditure on construction continued to rise steadily, although building activity was hampered by bad weather and in Italy there was some decline in housing owing to the weakness of demand. Investment in plant and equipment also continued to show a marked upward tendency, expanding with particular vigour in the Federal Republic of Germany. Although in Italy and to a lesser extent in France businessmen still hesitated to invest, there was a substantial increase in investment by enterprises in the public sector. Stock-building did not on the whole contribute greatly to economic activity.

The growth of expenditure on consumption quickened perceptibly, especially expenditure on private consumption, which was particularly dynamic in the Federal Republic of Germany and the Netherlands, and showed a marked recovery in Italy and France.

Internal supply again increased at much the same moderate pace as before. According to the seasonally adjusted index of the Statistical Office of the European Communities (excluding construction and food, drink and tobacco), industrial production went up almost 1 % between the first and second quarters. Agricultural output, on the other hand, was hampered by bad weather in several member countries, and supplies of potatoes, vegetables and fruit were particularly affected.

Tightness on the member countries' labour markets persisted, except in Italy, where unemployment continued to rise owing to the decline in activity in the housing sector, and in France, where there was some further relaxation, although this was less marked than before. The slight signs of easier conditions observed in Belgium were confirmed, but in the Federal Republic of Germany the labour shortage became even more acute.

Imports to the Community picked up again, after having dropped — largely owing to exceptional factors such as the dock strikes — between the fourth quarter of 1964 and the first quarter of 1965. Customs returns show that the value of goods imported from non-member countries was 3 % higher in the second quarter than a year earlier.

This trend, coupled with the slower expansion of exports, led to a deterioration in the Community's visible balance of trade; in the second quarter the deficit reached 487 million u.a. ⁽¹⁾. The current account is likely to show a similar trend. As net capital inflows were apparently less strong than in the early months of the year, there appears to have been a drop in the Community's overall balance-of-payments surplus. The Member States' official gross reserves of gold and foreign exchange fell by \$390 million.

Prices continued to rise, although the faster pace of growth in intra-Community trade did much to achieve a better balance between supply and demand; the value of intra-Community trade in the second quarter, as shown by customs returns for imports, was 11 % up on a year ago. Consumer prices rose more rapidly, but this was largely due to exceptional factors such as the increase in food prices occasioned by the bad weather; apart from this there was again little upward movement of prices except in the Federal Republic of Germany and the Netherlands.

The Commission considers that the economic outlook in the Community for the remaining months of 1965 suggests that the pace of growth may perhaps be even slightly faster than before.

External demand should again expand perceptibly, although it is possible that there may be some slight slackening in the growth of exports to non-member countries. Gross fixed asset formation can be expected to continue its advance at about the same pace as before, while expenditure on consumption may rise more rapidly. Private consumers' spending will in fact receive an additional boost, particularly from the faster increase in mass incomes which is likely in Italy and France, and it will again rise rapidly in the Federal Republic of Germany and the Netherlands.

In view of these prospects for the development of the various components of demand, internal supply will continue to expand. The upward trend in the Community's industrial production may even gather momentum between now and the end of 1965, mainly owing to more substantial progress in France and Italy.

In addition, the Community's imports from non-member countries can be expected to rise more rapidly than hitherto, owing to the economic recovery in France and Italy, the probable continuance of the situation of excess demand in the Federal Republic of Germany and the Netherlands, and the slight recovery in imports of raw materials. The best that can be expected is that after seasonal adjustments the Community's balance of trade will in the coming months perhaps show no change — but it may even show a slight tendency to deteriorate.

Prices may continue to move upwards, and essentially the same trends may be apparent as in the last few months, although there may be marked differences from one member country to another. Only in the Netherlands and the Federal Republic of Germany need there be any fear that the upward thrust of prices will continue to be brisk.

In view of the way the business situation has been developing since the beginning of the year, and the prospects for the rest of 1965, the forecasts published for this year in

⁽¹⁾ The unit of account is equivalent to 0.888671 gramme of fine gold, which is the value of \$1 US at the official exchange rate.

the last Quarterly Survey, No. 2/1965, are still valid: real gross Community product should increase by almost 4 % over 1964, and industrial production (as defined in the index of the Statistical Office of the European Communities) by about 4.5 %.

The Commission considers that an appreciable degree of economic growth can again be expected in 1966. Although the present prospects for the world economic situation suggest that exports from the Community to non-member countries may increase somewhat less rapidly, internal demand should expand more vigorously than in 1965, a slight slackening in the pace of growth in the Federal Republic of Germany being more than offset by more pronounced increases in Italy and France.

Where production is concerned, too, certain restraining factors — mostly of a physical nature — may make themselves felt in the Federal Republic of Germany and also, to a lesser extent, in the Netherlands. Nevertheless, as production should rise noticeably faster in Italy and France, the gross Community product in real terms may increase by 4.5 - 5 % between 1965 and 1966.

This forecast, however, is based on the assumption that investment expenditure by private enterprises will recover in Italy, and that it will rise more rapidly in France; but the trend in such expenditure has for some time been rather slack owing to the general business situation, which has been affected by the relatively rapid inflation previously experienced and the energetic stabilization measures needed to deal with it. Whether or not real and lasting recovery will be possible must depend not only on the business cycle but also, of course, on the opportunities for further development available to the Common Market.

The Community's external equilibrium in 1966 should be satisfactory on the whole, although it is not inconceivable that there may be some deterioration in the balance of current payments. At present it is impossible to make any forecasts as to the balance of capital transactions.

The Community's internal equilibrium is not yet assured. In particular, the cyclical tendencies that cause prices to rise may still be very pronounced in the Federal Republic of Germany and the Netherlands. Furthermore, in the member countries generally — and even in those like France and Italy, where the tendency for prices to level off should persist — certain factors, due to previous cost movements or structural causes or of an autonomous nature, will continue to exert an upward pressure on prices.

Short-term economic policy will have to be so framed as to deal with this situation by checking the growth of domestic demand in the Federal Republic of Germany and the Netherlands, and by cautiously promoting economic recovery, especially by stimulating investment, in most of the other member countries. In Germany and the Netherlands the decidedly expansionary tendencies that can be seen in public budget policy ought to be further modified, if only because of the risk that excessive imports into these two countries might lead other countries to follow suit as soon as they had regained a markedly higher level of activity.

Medium-term Economic Policy Committee

16. The Committee held its ninth meeting on 15 October with M. Langer in the chair. An important item on the agenda was to examine the Introduction and Chapter I of the preliminary draft of the first medium-term economic policy programme. The

Committee also held a general discussion concerning the overall adaptation of manpower supply to demand.

The Committee's Working Party on sectoral aspects of structure policy met on 1 October to continue its examination of information supplied by the Member States on this subject.

The Working Party on policy on scientific and technical research met on 11 October to discuss the draft interim report which the Working Party is to submit to the plenary Committee in the near future.

The Working Party on incomes policy met on 22 October to finalize an interim report for the plenary Committee containing tentative guide-lines for a Community incomes policy.

Regional policy

17. On 12 October 1965, the Working Party of senior officials responsible for regional policy in the Member States of the Community met under the chairmanship of M. Marjolin, Vice-President of the EEC Commission. It discussed regional policy aspects of the medium-term economic programme.

Meeting of alternates of the Budgetary Policy Committee

18. At this meeting, held on 14 October 1965, a document was drawn up for the Medium-term Economic Policy Committee giving tentative data on the overall trend of public revenue and expenditure from 1960 to 1970 and the trend of certain classes of public investment during this same period.

At the request of the Budgetary Policy Committee, the Committee of Alternates also began a study of means of influencing the various categories of public expenditure and of the problem of the inflexible character of public spending. It decided to resume consideration of these two problems at its next meeting.

COMMON AGRICULTURAL POLICY

Financing the common agricultural policy

The Council, 25-26 October 1965

19. At its session of 25-26 October 1965, the Council again considered the financing of the common agricultural policy, basing its discussion on the Commission's memorandum of 22 July 1965. The Council made considerable progress in its search for common ground and its efforts to smooth the way for future discussions among all the Six, so that the broad outlines of the future financial regulation are already discernible. A report of the meeting was transmitted to the French member.

The talks mainly concerned the attainment of completely free movement of goods within the Community (both agricultural and industrial products) by 1 July 1967 and the application of the common customs tariff vis-à-vis non-member countries on the same date; respect for the indivisible character of the common agricultural policy; arrangements whereby the EAGGF would bear an increasing proportion of expenditure, and the financial contributions of Member States up to the end of 1969; use of the proceeds of levies and customs duties from 1967 onwards, and the balanced development of the Common Market. At a press conference after the meeting, the President of the Council, M. Colombo, said that the five delegations were agreed on a financial regulation covering the whole of the transition period.

The Council instructed the Committee of Permanent Representatives and the Commission to continue their examination of a number of points left in abeyance.

First payments from the Guidance Section of the EAGGF and applications for 1966

20. As was mentioned briefly in the previous Bulletin (11-65, sec. 35), fifty-seven projects have been approved for the first instalment of aid under the Guidance Section.

This first instalment of 9 057 000 u.a. is equal to one third of the amount fixed for the expenditure of the Guarantee Section of the Fund for the same period, i.e. for the first year during which the common agricultural policy was in force (1962/63).

By 1 July 1964 — the closing date for applications — 226 requests for aid from the first instalment had been submitted through the Member States concerned: 19 of these were subsequently withdrawn by the applicants. Of the remaining 207 applications, 69 were found not to satisfy the conditions governing aid from the Fund. This was mainly because they did not fulfil the formal requirements of the Fund Regulation (No. 17/64): some of them had not been endorsed by the Member State concerned, and in other cases the schemes were already in progress at the time when the request was submitted to the Commission.

The remaining 138 projects for which financial aid was requested represented a total of 21 418 540 u.a.

After consulting the Fund Committee on the financial aspects, particularly the resources available, and after referring the matter to the Standing Committee on agricultural structure, the Commission approved 57 projects. These were projects that appeared to the Commission to be of most benefit to the Community, having regard to:

- i) The priority they deserve as forming part of a complex of measures designed to promote the harmonious development of the general economy of the region;
- ii) The need for aid from the Fund to be evenly distributed within the Community.

The opinions of the Fund Committee and of the Standing Committee on agricultural structure were unanimous.

The sum of 4 146 602 u.a. was allocated for the improvement of production structures (especially consolidation of holdings and water engineering), and 4 910 320 u.a. for the improvement of marketing structures (especially in the dairy produce and fruit and vegetables sectors).

The projects authorized for the improvement of production structures are of a general character, but those designed to improve marketing structures are limited to agricultural products in which a common market has been established.

The projects that have been approved are distributed as follows among the Member States:

	<i>Projects</i>	<i>Production</i>	<i>Marketing</i>	<i>Total</i>
Germany	9	755 625	1 802 010	2 557 635 u.a.
Belgium	7	16 945	686 806	703 751 u.a.
France	10	1 944 058	7 429	1 951 487 u.a.
Netherlands	4	450 000	324 585	774 585 u.a.
Italy	27	979 974	2 089 490	3 069 464 u.a.
	57	4 146 602	4 910 320	9 056 922 u.a.

(Luxembourg had only put forward projects for the second instalment of aid.)

The Member States have recently made 580 applications for aid from the Guidance Section for 1966. A sum of 58 561 000 u.a. is provided in the draft budget for 1966. The large increase in the funds made available is due to the fact that a greater proportion of the expenditure — which covers export subsidies and market support — is borne by the Guarantee Section of the EAGGF, and that the common agricultural policy has been extended to three new sectors — dairy produce, beef and rice — since the autumn of 1964.

Common organization of agricultural markets.

Cereals, including rice

21. On 19 October 1965 the Commission adopted a regulation amending Regulation No. 73/64/CEE with regard to the ports taken as the basis in calculating cif prices for rice and broken rice ⁽¹⁾. As the area in France having the largest deficit was found to be the Paris area, and not Dunkirk as had been thought in the first marketing year, the French Government had to change the frontier point to which the threshold price for the new marketing year relates, making it Rouen instead of Dunkirk. In accordance with Article 4 of Regulation No. 16/64/CEE, the French Government also chose the port of Rouen as the one to be used in calculating cif prices. Under the circumstances, it was necessary to amend Regulation No. 73/64/CEE, which designated Dunkirk, so that the Commission might base its calculation of cif prices on imports at Rouen.

(1) Commission Regulation No. 145/65/CEE, official gazette No. 173, 20 October 1965.

Beef and veal

22. On 26 October 1965 the Commission adopted a regulation amending Regulation No. 161/64/CEE concerning world prices for frozen meat ⁽¹⁾. The Commission found that prices of boned frozen meat had fallen by about 5 % during the first six months of 1965. The new regulation is designed to take this change into account: from 1 November 1965 the cif price for boned frozen meat delivered at a Community port will be 83 u.a./100 kg, instead of 88 u.a./kg as previously.

Pigmeat

23. In view of the steady increase during September and October both in prices on Community markets and in offer prices for pigmeat products free at external frontier, the supplementary amounts for shoulders, breast and bacon were cancelled early in October by Regulation No. 137/65/CEE ⁽²⁾. The supplementary amounts for other products were abolished ten days later ⁽³⁾.

As this situation is in line with cyclical and seasonal developments, there is no reason to expect that the tendency will be reversed in the coming weeks.

Eggs and poultry

24. On 11 October 1965 the Commission adopted a regulation modifying the supplementary amount for whole liquid or frozen eggs and for liquid or frozen egg yolks ⁽⁴⁾. With regard to whole liquid or frozen eggs, the amount of 0.35 u.a./kg is replaced by one of 0.20 u.a./kg. For liquid or frozen egg yolks, the existing supplementary amount of 0.20 u.a./kg which had hitherto been applied only to imports from Ethiopia, China, Yugoslavia and Czechoslovakia, is extended to imports from the United Kingdom and the United States.

In addition, the Commission adopted on the same date, a regulation reducing the supplementary amounts for slaughtered chickens and hens and for halves or quarters of chickens and hens ⁽⁵⁾. The amount is now 0.12 u.a. instead of 0.1375 u.a. for imports of chickens and hens in the 83 % and 70 % categories and of halves or quarters of chickens and hens from non-member countries.

Milk and milk products

25. On 12 October 1965 the Commission adopted a regulation concerning the fixing of free-at-frontier prices for milk and milk products from non-member countries and amending Regulations Nos. 156/64/CEE, 41/65/CEE and 42/65/CEE ⁽⁶⁾. Under

⁽¹⁾ Commission Regulation No. 147/65/CEE, official gazette No. 179, 27 October 1965.

⁽²⁾ See official gazette No. 165, 6 October 1965.

⁽³⁾ Commission Regulation No. 143/65/CEE, *ibid.* No. 170, 16 October 1965.

⁽⁴⁾ Commission Regulation No. 139/65/CEE, *ibid.* No. 168, 12 October 1965.

⁽⁵⁾ Commission Regulation No. 140/65/CEE, *ibid.*

⁽⁶⁾ Commission Regulation No. 141/65/CEE, *ibid.* No. 169, 14 October 1965.

the new regulation free-at-frontier prices for milk and milk products from non-member countries will no longer be fixed every week but every other week, as is already the case with free-at-frontier prices for intra-Community imports. This step was taken in the light of experience gained since November 1964 when the trading system for milk and milk products came into force; the new measure will have the advantage of helping to stabilize prices, and will also greatly simplify the administrative work of determining the levies, both for the Member States and for the Commission's staff.

The regulation also includes provisions to ensure that the new procedure will not impair the functioning of the levy and refund system.

26. On the same date the Commission adopted Regulation No. 142/65/CEE amending Regulation No. 116/65/CEE with regard to the period of validity of the refund applicable, in special cases, to exports of certain milk products to non-member countries ⁽¹⁾. The object is to extend to other dairy products for which a common market has been established the simplified procedure governing calls for tender for milk and cream, preserved, concentrated or sweetened instituted by Regulation No. 116/65/CEE. It has in fact been found that calls for tender are not issued only for the products referred to in the latter regulation.

27. On 22 October 1965, the Commission adopted a regulation amending Regulation No. 158/64/CEE concerning the calculation on a flat-rate basis of internal charges on imports of certain milk products ⁽²⁾. The amendment is designed to take into account the French administrative decision to extend the added value tax applicable to packaging, hitherto only imposed on domestic products, to imported products from 1 November 1965. The effect of internal charges on imports on the calculation of levies is in fact assessed on a flat-rate basis by the method laid down in Regulation No. 158/64/CEE; it was therefore necessary to determine the amounts that should represent the new import charges.

Fruit and vegetables

28. On 5 October 1965 the Commission adopted a regulation introducing a countervailing charge of 3 u.a./100 kg on imports of dessert grapes grown in the open from Bulgaria, Rumania and Yugoslavia ⁽³⁾. The reason was that on certain Community markets the prices for dessert grapes from those three countries had for several days been lower than the reference price.

On 18 October 1965, in view of the fact that since the date of the previous regulation the offer price for Bulgarian and Rumanian dessert grapes grown in the open had not been 13.9 u.a., as previously, but in fact 12.9 u.a./100 kg net, the Commission decided to impose a countervailing charge of 2 u.a./100 kg net, applicable from 21 to 31 October 1965 ⁽⁴⁾.

The countervailing charge on imports from Yugoslavia was abolished, as the offer price of the product in question was no longer lower than the reference price.

⁽¹⁾ See official gazette No. 170, 16 October 1965.

⁽²⁾ Commission Regulation No. 146/65/CEE, *ibid.* No. 176, 23 October 1965.

⁽³⁾ Commission Regulation No. 138/65/CEE, *Ibid.* No. 165, 6 October 1965.

⁽⁴⁾ Commission Regulation No 144/65/CEE, *ibid.* No. 172; 18 October 1965.

Competition in agriculture

29. In pursuance of Article 93(3) of the Treaty, the Commission sent to the Belgian Government a memorandum expressing its opinion on subsidies for exports of hothouse grapes from Belgium.

With a view to harmonizing existing aid systems, the Commission continued the drafting of a report on aids to production, marketing and investment and on measures affecting farm incomes.

Approximation of legislation

New committee on foodstuffs

30. On 20 September 1965 the Commission submitted to the Council a draft decision setting up a committee on foodstuffs.

The Council's directives on food for human consumption envisage close co-operation between the Commission and the Member States in putting them into effect. The Commission considers that the best way of organizing such co-operation is to set up a committee on foodstuffs on the same lines as the Management Committees.

Permitted colouring matters for use in food

31. On 25 October 1965 the Council issued a directive ⁽¹⁾ amending that of 23 October 1962 on this subject ⁽²⁾. The new directive extends until 31 December 1966 the period during which Member States may maintain their existing national provisions governing the colouring matters listed in Annex II of the directive of 23 October 1962; these include erythrosin and brilliant acid green BS (Lissamine green). In addition the list of products which may be used to dilute or dissolve colouring matters and that of carotenoids and xanthophylls have been extended by the addition of substances in common use which are not dangerous to health.

The Member States must introduce the new provisions by 31 December 1966 at latest.

The European Parliament

32. At its session of 18-22 October 1965 the Parliament adopted three resolutions on the Commission's proposals to the Council concerning quality wines produced in specified areas, measures to prevent the introduction of plant pests into the Member States, and the imposition of a countervailing charge on certain processed agricultural products ⁽³⁾.

⁽¹⁾ Directive No. 65/469/CEE, official gazette No. 178, 26 October 1965.

⁽²⁾ See official gazette No. 115, 11 November 1962.

⁽³⁾ See annex to this Bulletin for extracts from the latter resolution.

COMMON TRANSPORT POLICY

Organization of the transport market

33. On 29 October 1965 the Commission submitted to the Council of Ministers amendments to its proposed regulation of 10 May 1963 relating to the introduction of a system of rate brackets applicable to the transport of goods by rail, road and inland waterway ⁽¹⁾.

The Commission has amended its original proposal in accordance with the Council's agreement of 22 June 1965 on the organization of the transport market ⁽²⁾. The amendments have been made under Article 149, second paragraph, of the Treaty, which allows the Commission to amend a proposal as long as the Council has taken no decision on it. The Commission has also taken into account the opinions formulated by the European Parliament and the Economic and Social Committee.

The main points of the Council's agreement covered by the amended regulation are:

- i) A system of upper and lower reference rates — published, but serving as a guide only — alongside the compulsory rate brackets.
- ii) The setting up of the new tariff system in two stages each lasting three years; in the first stage the system will be limited to transport between the Member States; it will be extended to inland transport in the Member States only from 1 January 1970, which is the beginning of the second stage. The system to be applied from 1 January 1973 will be worked out in detail later by the Community authorities;
- iii) Publication of rates and conditions of transport applied outside the brackets;
- iv) The setting up of a Market Supervision Committee;
- v) The establishment of safeguard measures.

The Commission, however, did not confine itself to measures necessary to implement the system outlined in the Council's agreement. In order to make the new system as economically coherent as possible, the Commission has added further provisions on certain points on which the Council took no explicit decisions on 22 June 1965. It proposes:

- i) A uniform 20 % margin for all rates (that is 10 % above and below the basic rate); it is open to the Council, however, to narrow this range for certain transport operations;
- ii) The possibility for the authorities in the Member States to fix temporary maximum or minimum rates, for transport subject to reference tariffs, where it is found that improper advantage is being taken of dominant positions or that there is uneconomic competition; this possibility must be understood as a transitional measure which must not prejudice steps to apply the Treaty rules on competition to transport;
- iii) In order to permit effective supervision of the market, the publication by bodies to be set up in the Member States of rates outside the limits of the compulsory and

⁽¹⁾ See Bulletin 6-63, Ch. I and supplement.

⁽²⁾ See Bulletin 8-65, Ch. II, sec. 43 and annex.

reference tariffs, and communication to the authorities of rates within the brackets for certain representative forms of transport, though these rates will not be published;

iv) A Community procedure for the application of safeguard measures.

According to the Commission's amended proposal the goods transport market in the Community will be set up in two stages:

a) In the first three years, from 1 January 1967, a distinction will be made, in respect of intra-Community transport, between transport by inland waterway and transport by rail and road.

i) Transport by inland waterway will be subject to non-compulsory reference bracket rates. Carriers may agree, in individual contracts, to rates outside the brackets, but in this case the national bodies responsible for the publication of rates must be informed.

ii) Transport by rail and road will be subject to compulsory rate brackets. A carrier may, however, under the amended regulation, agree in individual contracts to rates outside the brackets, on condition that the bodies responsible for publication of rates are informed and that the rates are justified when requested by the authorities. The original 1963 proposal stipulated prior authorization.

During the first stage the Member States' present arrangements for inland transport will remain in force and cannot be amended by the Member States except to align them with the Community systems.

b) During the second stage, beginning on 1 January 1970, the system of goods transport by rail and road will be made more flexible in the important sphere of heavy goods. In order to align the conditions of competition between these two means of transport and inland waterways the reference tariffs will be applied to heavy goods subject to certain conditions regarding tonnage. In this connection the Commission has proposed a list of goods, annexed to the regulation, which includes: cereals; coal, lignite bricks, coke; petroleum and the main petroleum products; ores and scrap-iron; cast iron; iron and steel products and semi-products; copper and its alloys; sand; clay; certain types of slag; salt; iron pyrites; sulphur; stone; cement; crude phosphates; fertilizers; other basic chemical products.

The Commission proposes that the Market Supervision Committee be given a mainly advisory role in helping the Commission to apply the tariff system. Its field of activity is therefore quite distinct from that of the Consultative Committee on Transport set up under Article 83 of the Treaty.

The system also provides for the introduction of a safeguard clause allowing the Member States to take by Community procedure the necessary measures to counteract any serious disturbances caused by the new arrangements in a Member State's general economy or in its transport sector. Measures taken by one or more Member States by virtue of this safeguard clause must be communicated to the Commission. The latter must take a decision within four days if the difficulties are such as to compromise the economic stability of the State concerned. The time-limit is extended to 15 days if the disturbances are limited to transport and in this case the Market Supervision Committee must be consulted.

The Commission has proposed that measures to implement the tariff regulation should be adopted by the Council by qualified majority as provided for in Article 75. As these measures, however, are in general highly technical, the Commission considered

it inappropriate to refer them first to the European Parliament and the Economic and Social Committee.

Implementation of Articles 79 and 80 of the Treaty

34. On 29 October 1965 the EEC Commission submitted to the Council a proposal for a regulation, based on Article 79(2) of the Treaty, concerning the abolition of discrimination in respect of transport rates and conditions.

Consultative Committee on Transport (Art. 83)

35. A meeting of the Consultative Committee on Transport was held in Brussels on 6 and 7 October 1965.

The agenda included the election of officers for the current year; the Committee unanimously elected M. G. Santoni-Rugiu (Italy) chairman and M. K. Vonk (Netherlands) vice-chairman.

The Committee rendered its opinion on the question concerning "the sphere of competence of a Community body to supervise the transport market". This opinion was communicated to the EEC Commission.

Inter-executive Working Party on Transport (ECSC/EEC)

36. On 29 October 1965 the Inter-executive Working Party on Transport held a meeting in Brussels attended by M. Coppé, Vice-President of the ECSC High Authority, and M. Lambert Schaus, the member of the EEC Commission responsible for transport matters.

The main purpose of the meeting was to examine, within the framework of the Treaties of Paris and Rome, the effects of the new German "Als-ob" railway tariffs designed to assist industry in the Saar, and to plan joint action on the matter by the two Executives.

SOCIAL POLICY

Social security for migrant workers

Administrative Committee

37. The Administrative Committee for the social security of migrant workers held its 69th session in Brussels from 19 to 22 October 1965. It continued its second reading of the revised draft regulation on the social security of migrant workers.

The discussion bore mainly on the provisions relating to industrial accidents and diseases, death grants and family allowances.

Audit Committee

38. The Audit Committee attached to the Administrative Committee for the social security of migrant workers held its 25th meeting on 12 October 1965, at which it completed its study of the average cost of payments in kind in the Member States in 1963 and, in the case of Luxembourg, also in 1964.

Industrial health and safety

Co-operation between Member States in the event of industrial disasters, particularly in the mines

39. A meeting of government experts was held on 30 September 1965 to discuss ways of improving co-operation between Member States in the event of mining or other disasters.

The meeting was arranged by the EEC Commission's staff in response to the wishes of the European Parliament expressed in the form of written questions and to those of the Parliamentary Committee on Health Protection. It was attended by representatives of the ECSC High Authority and of the Euratom Commission.

After considering various methods of establishing closer co-operation between Member States, the experts agreed to make an initial study of the way in which emergency services are organized and operated in the different States, and to draw up a list of the bilateral and multilateral agreements already concluded between Member States in this field. These will provide the basic data for a preliminary report which will serve as a starting-point for another survey listing the types of help that are available in the Member States and can be placed at the disposal of other countries when a disaster occurs.

Prevention of industrial accidents

40. A meeting of independent experts was held on 27 September to discuss the prevention of industrial accidents.

The experts exchanged experience and views on various aspects of the subject, and suggested topics for discussion at a seminar to be held at the beginning of 1966.

Meeting of heads of government departments responsible for industrial health and safety

41. The eighth meeting of heads of government departments responsible for industrial health and safety was held in Brussels on 12 October 1965. A draft directive on the alignment of laws and regulations relating to the design, inspection and approval of components of steel scaffolding was discussed, as also a report on developments in industrial medicine in the Member States. This is the first report on the subject since the Commission addressed its recommendation on industrial medicine to the Governments in 1962 (1). The heads of department also heard a progress report on the work being done in the field of industrial safety.

(1) See official gazette No. 80, 31 August 1962.

Italian sulphur mines: reference of the Commission's proposals to the European Parliament

42. At its session of 18 October, 1965 the European Parliament adopted a resolution on the Commission's proposals to the Council for special measures in aid of redundant sulphur-mine workers in Sicily ⁽¹⁾.

After recalling its previous decision on the matter, and in particular its resolution of 29 March 1963 ⁽²⁾, the Parliament endorsed the proposals submitted by the Commission, subject to certain amendments.

In general, the Parliament stressed that the measures taken to place the sulphur industry on a sound footing must form part of a general development plan for the areas most affected by the crisis in the sulphur industry. The Parliament therefore hoped that the regional, national and Community authorities would keep in close touch in order to promote rapid economic and social development in the less favoured areas. It also called upon the EEC Commission to request the Italian Government and the regional authorities in Sicily to give firm assurances that they will create employment for redundant miners.

⁽¹⁾ See Bulletin 6-65, Ch. II, sec. 33.

⁽²⁾ See official gazette No. 61, 19 April 1963.

IV. External Activities

GATT NEGOTIATIONS

Trade negotiations

43. At the meeting of the Sub-Committee on the participation of the less developed countries which was held in Geneva on 18 October 1965, certain developing countries announced that they would table their offers by 25 October 1965. Among these countries are Brazil, Chile, Ivory Coast, India, Indonesia, Jamaica, Nigeria, Peru and Rhodesia. Yugoslavia, which also belongs to this group, submitted an offer in which the fact must be taken into account that this country, with certain others, is negotiating for accession to the General Agreement as a full Contracting Party. Other developing countries, for which agricultural exports are of major importance, postponed submitting their offers.

Other GATT activities

44. The Working Party of the Committee on trade and development, which is considering the need or desirability of amendments to Articles XVIII and XXIII of the General Agreement ⁽¹⁾, met in Geneva in October. The EEC Commission was represented.

The Working Party again discussed the provisions that would be needed in order to enable the less developed countries to apply temporary import surcharges, rather than quantitative restrictions, to safeguard their balance of payments (Article XVIII). There is still some disagreement as to when and how such surcharges should be applied.

The Working Party made some headway in its study of procedure for examining complaints lodged by the less developed countries under Article XXIII when they consider that an advantage that they derive either directly or indirectly from the General Agreement has been nullified or jeopardized. Agreement was reached on a procedure by which complaints could be examined by various bodies within a specified time. Considerable difficulties still persist, however, with regard to other points, including a proposal from the less developed countries under which financial compensation would be provided if the rules of the General Agreement were infringed.

45. The Council considered the American Government's request for amendment of the waiver by which the United States was authorized to put its simplified customs tariff into effect before the negotiations under Article XXVIII were concluded. This request was a consequence of the new law, signed by the US President on 7 October 1965, which made "technical" alterations to the customs tariff in order to rectify certain errors which had crept into the first version.

During the discussion of this request, the Commission's representative recalled that the Community was pursuing its renegotiations with the United States under Article XXVIII, and that the Commission's abstaining from comment on the American proposal should not be taken to imply approval of the new law or of the tariff changes involved.

⁽¹⁾ See Bulletin No. 6-65, Ch. III, sec. 35.

BILATERAL RELATIONS

Relations with Austria

46. On 21 October 1965 the Commission adopted and transmitted to the Council the report on the first stage of the negotiations between the EEC and Austria.

The report deals with the trading system for industrial and agricultural products and with questions concerning Austria's trade with East European countries.

The general problems involved in harmonizing the policies of the Community and Austria and the institutions required for the operation of the agreement will be considered in a subsequent report, as it has not yet been possible to go into these aspects fully.

Missions of non-member countries to the Community

47. On 28 October 1965 the President of the Commission, M. Walter Hallstein, received H.E. Ambassador Karl Herbert Schober and H.E. Ambassador Alberto Ullastres Calvo, who presented their letters of credence as heads respectively of the Austrian and Spanish missions to the EEC.

RELATIONS WITH INTERNATIONAL ORGANIZATIONS

UN Sugar Conference

48. The EEC was represented by an observer at the UN Sugar Conference which took place in Geneva from 20 September to 15 October 1965. The UN had invited 124 States, but only 75 accepted; of these, 30 were importing countries and 33 exporting countries; 12 sent observers.

The UN Secretariat had known from the outset that it would not be possible to conclude a new international sugar agreement in the short time available; the results achieved in this preparatory phase would, however, show whether the necessary economic and political conditions were present which might later lead to the conclusion of a new international sugar agreement (in the spring of 1966).

The negotiations were based on proposals put forward by the Secretariat of the International Sugar Council.

In spite of certain fundamental differences of opinion particularly between the importing and exporting countries, the final resolution of the Conference stated that negotiations would be resumed in the spring of 1966, or as soon thereafter as circumstances appeared propitious.

In order to provide the necessary legal basis, the present International Sugar Agreement which expires on 31 December 1965 had to be extended — in principle for a further year — but its economic provisions were not renewed.

COMMON COMMERCIAL POLICY

Protection against dumping, bounties or subsidies: European Parliament opinion

49. At its session of 19 October 1965 the European Parliament passed a resolution on the EEC Commission's proposal to the Council for a regulation on protection against dumping or the payment of bounties or subsidies by non-member countries ⁽¹⁾.

The proposal contained joint anti-dumping provisions creating the necessary legal basis for protecting the Community against these undesirable practices.

The European Parliament approved the proposal subject to certain amendments. It suggested that, when the Commission applied a temporary anti-dumping or countervailing duty by emergency procedure, the Council should be able, on application by the Commission, to extend the three-month time-limit at the end of which the charge made provisionally is deemed to have been made definitively.

The Parliament also wished it to be stipulated in the regulation that information obtained by the Commission in the course of the anti-dumping procedure could be used only for the purpose for which it was requested.

From a general angle the European Parliament expressed the opinion that, in order to provide certainty as to the law, a special regulation should specify the sanctions to be applied on refusal to supply the EEC Commission with information requested in the course of the anti-dumping procedure.

The Parliament asked the EEC Commission to present a report at least once a year on progress made in giving effect to the regulation in question.

THE COMMUNITY AND THE DEVELOPING COUNTRIES

The United Nations Trade and Development Board (UNCTAD)

50. The Community was represented by an observer at the second session of the Trade and Development Board which was held in Geneva from 24 August to 16 September 1965 and in New York from 25 to 27 October.

The Board mainly considered the problem of implementing the recommendations of the Conference, which is still the chief point of discord between the developed and developing countries. After lengthy discussion, a compromise resolution was adopted which, while embodying the principal views of the developing countries, nevertheless goes a long way towards meeting Western objections.

The resolution requests the Secretary-General of the UN Conference on Trade and Development (UNCTAD) to draw up a report each year on international trade and economic development, so that the Board may note what effect is being given to the recommendations and other provisions of the Final Act of the Conference and take

⁽¹⁾ See Bulletin 7-65, Ch. III, secs. 43 and 45.

appropriate steps within its sphere of competence. The Board also requests the members of the Conference to make available, in whatever form they think fit, such information as will help the Secretary-General to prepare his report. It also calls upon the regional Economic Commissions, the Specialized Agencies and intergovernmental organizations to co-operate with the Secretary-General by furnishing him with all the information required for his report.

The Board also adopted the report of the Committee on Commodities. The other matters which should have been dealt with this session had to be held over till the next, for lack of time and absence of agreement. These are:

- i) The report of the Committee on Manufactures, including the report of the Special Committee on Preferences;
- ii) The results of the United Nations Conference of plenipotentiaries on the transit trade of land-locked countries;
- iii) Problems arising in trade relations between countries having different economic and social systems;
- iv) Measures to be taken to achieve agreement on a set of principles governing international trade relations and trade policies conducive to development;
- v) Appointment of the members of the Board's Advisory Committee and of the Committee on Commodities.

On 20 October 1965 the Board held a special meeting in New York at which it decided to recommend to the UN General Assembly that the Secretariat of the Conference should have its seat in Geneva.

V. The Community and the associated States

ASSOCIATION OF AFRICAN STATES AND MADAGASCAR

Joint Committee of the Parliamentary Conference of the Association

51. The Joint Committee of the Parliamentary Conference of the Association met in Luxembourg from 29 September to 2 October 1965 under the chairmanship of M. Thorn. The meeting was attended by M. Zagari, State Secretary in the Italian Ministry of Foreign Affairs and President of the Association Council, M. Rochereau, member of the EEC Commission, and M. Margulies, member of the Euratom Commission.

The Joint Committee consists of one delegate from each of the 18 Parliaments in the Associated States and 18 delegates of the European Parliament. Among the Associated States, Burundi, the Central African Republic, the Congo (Leopoldville), Upper-Volta and Niger regretted they were unable to send delegates to Brussels; the Congo (Leopoldville) and Upper-Volta were, however, represented by the heads of their missions in Brussels.

The Joint Committee examined the report by Mme. Strobel, member of the European Parliament, on new clauses to be added to the rules of procedure of the Conference. The report was adopted and will be the subject of a resolution to be placed before the Parliamentary Conference at its meeting of 7-11 December 1965 in Rome.

The Joint Committee then examined the report by M. Pedini, member of the European Parliament, on the first annual report of the Association Council. The President of the Association Council, M. Zagari, said it was to be hoped that the Yaoundé Convention would in no way suffer by the divergencies which had become manifest in the Community.

M. Pedini's report was adopted unanimously; the relevant resolution ⁽¹⁾ will be sent to the members of the Parliamentary Conference, who will discuss it at the Conference's Rome meeting.

M. Rochereau made a statement to the Joint Committee on financial and technical co-operation in the Association at the end of the first year of the Convention.

The Joint Committee then adopted the report by M. N'Gom Ousmane (Senegal) on the operational accounts for 1964, which was submitted by the Secretary-General of the European Parliament, and on the preliminary draft budget for 1966.

The Joint Committee decided to hold a meeting next spring, probably in Mogadishu (Somalia) and another in the summer, probably in The Hague.

Implementation of the Association Convention

Signature of financing agreements

52. On 7 October 1965 a financing agreement was signed in Brussels by M. Rochereau, on behalf of the Commission, and by Togo's Ambassador to the Communities,

(1) See annex to this Bulletin.

M. Hunlede. Under the agreement the first tranche of Togo's production aid plan will be financed by the second European Development Fund at a cost of Frs. CFA 244 million (some 488 000 u.a.).

EEC Commission's report to the Associated Council

53. The EEC Commission has submitted to the Association Council its first report on the administration of the technical and financial aids instituted by the Yaoundé Convention. The report will enable the Association Council to decide on the general lines of financial and technical co-operation between the two parties over the next few years.

It covers the period 1 June 1964 to 31 May 1965, but the Commission has also given an account of the contributions made by the first European Development Fund in the preceding five years so as to provide a complete picture of assistance given to date by the European Economic Community to the Associated African States and Madagascar.

After describing the aid given and the institutions set up, the Commission's report goes on to draw positive and optimistic conclusions. The machinery operates satisfactorily in relation to the needs expressed by the Associated States; aid is given regularly and rapidly; and it is becoming increasingly effective thanks to greater diversity and adaptation to the particular circumstances of each State.

The Commission makes the following suggestions for the future:

- i) The Community should contribute more and more to the diversification of agricultural and industrial production. But the effectiveness of such action will depend in part on the extent of economic co-operation between the African countries themselves;
- ii) Training should be integrated even further into economic projects. There should be closer links between scholarships, training programmes, etc. and the schemes financed;
- iii) The combination of various ways of financing must be exploited to the full. Community aid should enable the beneficiary countries to draw on other resources. When forms of aid are diversified in this manner they reinforce each other;
- iv) Loans should not exceed certain limits. Where budgets are slender and easily thrown out of balance, the burden of loans soon becomes unbearable;
- v) Community aid should figure more prominently in the economic planning of the African countries;
- vi) Social investments should not be expanded to the point where the local budget can no longer sustain them; and education should be developed in a way truly adapted to the needs of the population and to employment possibilities;
- vii) The extension of technical assistance should not mean that the body granting aid takes over all responsibility for development operations and creates public services duplicating those of the State. This would run contrary to the principle of co-operation;
- viii) Financial and technical co-operation should always be weighed in connection with the other aspects of the association between the EEC and the AASM, in particular trade. An effort must be made to promote interaction between trade policy and financial and technical co-operation.

Delegations of associated countries to the Community

54. On 17 September 1965 the European Economic Community took formal note of the appointment of H.E. M. Gibrila Sidi-Toure as the new representative of the Republic of Togo to the EEC. M. Sidi-Toure was received in this capacity by the President of the Commission, M. Hallstein, on 7 October 1965.

Products similar to and competing with European agricultural products : Economic and Social Committee opinion

55. At its meeting of 28 October 1965 the Economic and Social Committee rendered an opinion on the problems involved in accommodating the interests of the associated overseas states, countries and territories in respect of products similar to and competing with European agricultural products.

As the Committee could not consider all the products in question, it gave its attention to oil-yielding products originating in the AASM and OCT, and briefly to rice.

The Committee considered that it was necessary not only to find markets for the quantities at present being produced by the AASM but also to increase, where possible, these quantities and to help market them. It also felt that in agriculture the EEC should bear in mind the need for co-ordination between its production and price policies and those of the AASM since Community prices were to be fixed for oils and fats.

In view of the short-term difficulties certain Associated States would experience when obliged under the Yaoundé Convention to sell at world prices where at present they still enjoyed supported prices, the Committee proposed that a study should be made of a scheme for the payment of bonuses to Community purchasers of cereals from the Associated States similar to that planned for certain cereals of Community origin.

Furthermore, the Committee considered it necessary, in order to remedy the present instability of world markets, to conclude world agreements without delay to guarantee prices at a fair and remunerative level.

EUROPEAN DEVELOPMENT FUND

Financing decisions approved

2nd Fund

56. On 14 October the EEC Commission decided to finance 9 more schemes by EDF grants totalling 7 195 000 units of account (= US dollars). The schemes, which were endorsed by the EDF Committee at its 11th meeting on 29 September 1965, concern the following:

1. Extension of the Saint-Gabriel College at Majunga, Madagascar: 163 million Malagasy francs or some 660 000 u.a. This social project, part of the Malagasy Government's plan to increase the school-attendance rate, concerns the enlargement of an existing school which is handicapped by lack of space.

2. Survey on the improvement of sanitary conditions in Paramaribo, Surinam: 283 000 NA fl. or some 150 000 u.a. This technical assistance project will provide the basis for a general plan to improve sanitary conditions in the three urban districts of the capital in order to eliminate permanently risks of epidemics caused by water pollution.
3. Building of a pier in the port of Marigot, Department of Guadeloupe: FF 1 850 000 or some 375 000 u.a. Improvement of the port installations in Marigot, situated in the French part of the island of Saint-Martin, one of the maritime dependencies of Guadeloupe, will make it possible to develop the economic activities of the island, which consist chiefly of salt and livestock exports and a relatively important transit trade.
4. Health services programme in Niger: 810 million Frs. CFA or some 3 281 000 u.a. The project provides for the modernization and enlargement of the Niamey and Zinder hospitals, the creation or modernization of several dispensaries and mobile hygiene and medical centres. This is a general programme forming part of a public health plan for Niger extending over several years.
5. Campaign against onchocerciasis in Upper Volta, Ivory Coast and Mali: 181 million Frs. CFA or some 734 000 u.a. A campaign will be carried on in 1966 and 1967 against human onchocerciasis, one of the most serious endemic diseases affecting mainly the three countries concerned. The EDF-financed campaign will include the treatment of some 400 000 patients and will virtually stamp out the disease from these areas.
6. Survey for the Agony palm plantation in Dahomey: 87 500 000 Frs. CFA or some 354 000 u.a. The aim of this technical assistance project, which is connected with investment, is to develop the cultivation of selected oil palms. It specially concerns the introduction of oil-palm cultivation in the Agony area (some 6 000 hectares).
7. Survey for water supply in Bamako, capital of Mali: 40 million Mali francs or some 162 000 u.a. This is a comprehensive technical and economic survey in preparation for a master plan to increase the town's water supply and a time-table to establish priorities in accordance with the growth of the capital.
8. Supply of road-building equipment for the Congo (Brazzaville): 230 million Frs. CFA or some 932 000 u.a. Machinery, lorries, etc. will be supplied to the public works sub-divisions in the Congo basin and the Batéké plateaux for the rebuilding, improvement and maintenance of roads in these sectors.
9. Equipment of health services in the North of Cameroon and supervision of works: 135 million Frs. CFA or some 547 000 u.a. Under this social investment project equipment will be supplied for three hospitals, four medical centres and 22 rural dispensaries being built in three departments of East Cameroon with funds from the first EDF. The cost of supervising the constructional works is included in the present scheme.

Besides these nine schemes, the Commission has taken a tenth decision, endorsed by the EDF Committee, on the grant of a short-term advance to the Cocoa Price Stabilization Fund in Cameroon. This advance, worth 6 076 490 u.a. or 1 500 million Frs. CFA, is intended to help Cameroon's Stabilization Fund to overcome the serious financial difficulties it has been experiencing since the collapse of cocoa prices and to maintain the grower's price of 50 Frs. CFA per kg. This is the first time that the EDF has

Second EDF commitments at 30 October 1965

('000 u.a.)

Beneficiary state, country or territory	Economic and social schemes	Aid to diversification	Aid to production	Technical assistance linked with investments	General Technical Co-operation	Emergency aid	Total	Advances to Price Stabilization Funds
A. AASM								
Burundi	160	—	—	1 453	—	—	1 613	—
Cameroon	9 642	749	2 694	55	—	—	13 140	6 076
Central African Republic	3 642	—	2 561	485	—	—	6 688	—
Congo (Brazzaville)	3 403	4 420	—	—	—	—	7 823	—
Congo (Leopoldville)	3 200	—	—	372	1 440	—	5 012	—
Ivory Coast	211	34 814	—	28	—	—	35 053	—
Dahomey	2 094	—	1 027	354	—	—	3 475	—
Gabon	—	—	—	2 378	—	—	2 378	—
Upper Volta	1 345	—	—	1 128	—	—	2 473	—
Madagascar	6 453	—	8 552	765	66	—	15 836	—
Mali	4 193	—	1 195	724	—	—	6 112	—
Mauritania	9 585	1 357	—	28	—	—	10 970	—
Niger	6 272	—	939	345	—	—	7 556	—
Rwanda	—	1 888	—	1 152	—	—	3 040	—
Senegal	—	1 025	10 492	81	—	—	11 598	—
Somalia	6 419	—	—	327	1 064	250	8 060	—
Chad	5 104	—	1 916	667	—	—	7 687	—
Togo	1 013	—	991	50	—	—	2 054	—
B. OCT/Overseas Departments								
Netherlands Antilles	1 925	—	—	—	—	—	1 925	—
Comoro Islands	223	—	—	154	—	—	377	—
Guadeloupe	375	—	—	—	—	—	375	—
Surinam	—	—	—	181	—	—	181	—
Aid not distributed or not broken down				6 556 ⁽¹⁾	8 698 ⁽²⁾		15 254	
Overall total	65 259	44 253	30 367	17 283	11 268	250	168 680	6 076

(1) This refers to the part of the two overall amounts (5 million and 4 million u.a.) which have not yet been used by the EDF's principal Authorizing Officer to finance surveys and supervision of works.

(2) This consists mainly of the overall totals allocated under the heading of scholarship, in-service training, seminar and information programmes which it is not possible to break down as between the beneficiary States and countries.

been called on under Article 17(4) of the Yaoundé Convention to provide aid in order to stabilize prices.

The total commitments of the second European Development Fund since it started operating in July 1964 amount to some 168.7 million u.a. for 83 schemes. These figures do not include the advance to the Cameroon Cocoa Price Stabilization Fund which was provided, in pursuance of Article 20 of the Yaoundé Convention, out of the EDF's liquid assets.

PROGRAMME OF SCHOLARSHIPS, IN-SERVICE TRAINING AND SEMINARS

Scholarships

57. In October scholarship-holders from the associated overseas states, countries and territories were assigned to their places of training and travel arrangements were made.

At 10 October 1965, 700 scholarships had been renewed out of the 1 350 awarded for the academic year 1964/65 and 500 new scholarships had been awarded.

The Commission is studying the possibility of renewing a second batch of 100 scholarships according to the results of the autumn examinations. It is also proposed to award 250 new scholarships.

Seminars

58. In October four seminars were arranged in Montpellier, Rome and The Hague for 93 Africans, of whom 16 were English-speaking.

M. Triboulet, French Minister for Co-operation, attended the two seminars in Montpellier.

VI. Institutions and organs

THE EUROPEAN PARLIAMENT

The Parliament met in plenary session from 18 to 22 October 1965 in Strasbourg, M. Leemans presiding. On the basis of a report from M. Charpentier, a debate was held on the Eighth General Report on the Activities of the European Economic Community (1).

The Parliament then resumed its debate on the primacy of Community law over the law of the Member States, which had been adjourned in June. The original report was presented by M. Dehousse on behalf of the Legal Committee (2). The President reminded the House that the Parliament had decided at the time to postpone voting on the proposed resolution in order to enable the Legal Committee to examine the amendments tabled. The Legal Committee had now submitted a supplementary report with an emended draft resolution, and M. Weinkamm presented this report on the Committee's behalf.

Speaking at the end of the debate, M. Colonna di Paliano, member of the Commission, said that in adopting this resolution the European Parliament was taking a step of the highest importance: it was making a major contribution to the establishment of certainty as to the law in general and as to the law concerning the implementation of the Treaty. He also welcomed the Parliament's proposal that the Governments publish in their official gazettes all binding regulations and decisions adopted by the Community.

The Parliament then adopted the resolution (3).

During this session the Parliament also adopted resolutions on the following subjects:

a) *Common Commercial Policy:*

A resolution embodying the opinion of the European Parliament on the EEC Commission's proposal to the Council for a regulation on protection against dumping or the payment of bounties or subsidies by countries not members of the European Economic Community (see Ch. IV, sec. 49);

b) *Freedom of establishment:*

A resolution embodying the European Parliament's opinion on the EEC Commission's proposal to the Council for a directive on freedom of establishment and freedom to supply services in a self-employed capacity in retail trade (Group ex 612 ISIC) (see Ch. III, sec. 13);

A resolution conveying the European Parliament's opinion on the EEC Commission's proposal to the Council for a directive on transitional measures affecting self-employment in retail trade (Group ex 612 ISIC) (see Ch. III, sec. 13);

(1) An account of the debate is given in Chapter II and the resolution appears in an annex to this Bulletin.

(2) See Bulletin 8-65, Ch. I.

(3) This resolution appears in an annex to this Bulletin.

c) *Agriculture:*

A resolution giving the European Parliament's opinion on the EEC Commission's proposed Council decision extending and further amending the Council's decision of 4 April 1962 providing for a countervailing charge on certain goods derived from the processing of agricultural products ⁽¹⁾;

A resolution giving the European Parliament's opinion on the EEC Commission's proposal to the Council for a regulation concerning quality wines produced in specified areas;

A resolution expressing the European Parliament's opinion on the EEC Commission's proposal to the Council for a directive to prevent the importation of plant pests into the Member States;

d) *Social Policy:*

A resolution giving the European Parliament's opinion on the EEC Commission's proposals to the Council for:

I. A decision concerning the financial participation of the EEC in the implementation of measures to assist redundant Italian sulphur-mine workers (see Ch. III, sec. 42);

II. A regulation temporarily waiving certain rules of Regulation No. 9 (European Social Fund) in favour of redundant Italian sulphur-mine workers (see Ch. III, sec. 42);

III. A decision on an EEC contribution to grants for the occupational training of the children of redundant Italian sulphur-mine workers (see Ch. III, sec. 42).

COUNCIL

174th session

The 174th session of the Council was held on 25 and 26 October 1965 in the absence of the French delegation.

The main business was a discussion of the memorandum submitted on 22 July 1965 by the Commission and a review of the general situation in the Community. A declaration was adopted instructing the President of the Council, M. Colombo, to inform the French Government of the views of the five delegations and their suggestions with regard to the crisis which had begun on 30 June ⁽²⁾.

The Council also expressed its agreement on guidelines governing the financing of the common agricultural policy ⁽³⁾.

COURT OF JUSTICE

Cases pending

Case 55/65 (Federal Republic of Germany v. EEC Commission)

On 5 October 1965 an application was made to the Court of Justice for annulment of the Commission directive, dated 28 July 1965, fixing the time-table for removing

⁽¹⁾ Extracts from this resolution are given in an annex to this Bulletin.

⁽²⁾ For the text of this declaration, see Ch. I.

⁽³⁾ See Ch. III, sec. 19.

the charge applied by the Federal Republic of Germany to imports from other Member States of all farm and food products subject to import licence ⁽¹⁾.

ECONOMIC AND SOCIAL COMMITTEE

The 49th session of the Economic and Social Committee was held in Brussels on 28 October 1965 with M. Giustiniani in the chair.

M. Giustiniani opened the session with a statement on the Common Market crisis. He said the Committee felt strongly that a rapid solution should be found to the difficulties holding up the recovery of Community activity in the framework of the Treaties. He also said that the Committee noted with great satisfaction gestures of solidarity with the European idea made of late by groupings in the business community and by representatives of social organizations.

During the session the following four opinions were adopted:

1. Opinion on the proposed Council directive on freedom of establishment and freedom to supply services in a self-employed capacity in forestry and on the proposal for an amendment of the General Programme for the removal of restrictions on freedom of establishment (see Ch. III, sec. 14).

This opinion was adopted unanimously.

The Council had referred the proposals to the Committee on 14 May 1965.

2. Opinion on the proposed Council directive on freedom of establishment and freedom to supply services in a self-employed capacity in personal services:

- i) Restaurants, cafés, taverns and other drinking and eating places (Group 852 ISIC);
- ii) Hotels, boarding-houses, camps and other lodging places (Group 853 ISIC) (see Ch. III, sec. 14).

This opinion was adopted unanimously.

The Council had referred the proposal to the Committee on 14 May 1965.

3. Opinion on the proposed Council directive on procedures for transitional measures concerning self-employed activities in personal services:

- i) Restaurants, cafés, taverns and other drinking and eating places (Group 852 ISIC);
- ii) Hotel, boarding-houses, camps and other lodging places (Group 853 ISIC) (see Ch. III, sec. 14).

This opinion was adopted unanimously.

The Council had referred the proposal to the Committee on 14 May 1965.

4. Opinion on the problems involved in accommodating the interests of associated overseas states, countries and territories in respect of products similar to and competing with European agricultural products (see Ch. V, sec. 55).

This opinion was adopted by 45 votes, with 12 abstentions.

⁽¹⁾ See official gazette No. 179, 27 October 1965.

The Commission had, at its own discretion, referred this matter to the Committee on 27 October 1964.

MONETARY COMMITTEE

The 76th meeting of the Monetary Committee was held on 25 and 26 October 1965 with M. van Lennep in the chair. The main business was an examination of the monetary and financial situation of Belgium and Luxembourg. A report to the Council and to the Commission was adopted.

The Committee also reviewed recent trends in international payments and discussed international monetary problems.

ADMINISTRATIVE AFFAIRS

Staff movements

M. Roland Tavitian, a grade A/4 official in the Directorate-General for Economic and Financial Affairs, has been appointed head of the Economic Structure Division in the Economic Structure and Development Directorate as from 1 July 1965.

M. Gualtiero Scaramella, grade A/4 official in the Directorate-General for Agriculture, has been appointed head of the Division for technical examination and supervision of agricultural guidance projects in the Directorate for the structure of agriculture (Directorate-General for Agriculture), with effect from 1 August 1965.

M. Rodolphe Roussel, head of the European Countries (Southern Europe) Division in the Western Europe — Membership and Association Directorate of the Directorate-General for External Relations, whose resignation had been accepted, left the service of the Commission on 1 November 1965.

VII. European Investment Bank

Loans granted

On 4 October 1965 the European Investment Bank granted a loan to the Union Laitière Normande Group. The loan, amounting to 8.1 million units of account is destined to complete the financing of a project amounting to 19.7 million units of account.

The loan is covered by the joint guarantee of the four Caisses Régionales de Crédit Agricole Mutuel des départements de la Manche, du Calvados, de l'Orne et de la Mayenne as well as the counter-guarantee of the Fonds Commun de Garantie des Caisses Régionales de Crédit Agricole Mutuel managed by the Caisse Nationale de Crédit Agricole. The joint guarantee was signed the same day by the Presidents of the Caisses Régionales and in the presence of Mr. Jacques Mayoux, Managing Director of the Caisse Nationale de Crédit Agricole.

The Union Laitière Normande Group is composed of nine milk co-operatives of lower Normandy and of their Union. With 20 000 agricultural members, this Group is one of the most important French enterprises in the dairy products field.

The project comprises a number of milk collecting and processing installations which are to be built in the districts of the nine different co-operatives concerned.

The realization of this project will result in an increase in the processing capacity of the group from 1.4 to 2.5 million litres of milk per day.

The Union Laitière Normande will be responsible for the carrying out, of the project and for the exploitation of the new installations.

On October 4 1965, the European Investment Bank concluded a loan agreement with the Société Cotonnière Industrielle du Cameroun "CICAM" for the financing of a textile complex in the Federal Republic of the Cameroons.

The loan is guaranteed by the Federal Republic of the Cameroons. This guarantee was signed by His Excellency M. Masuke, Minister of Economic Affairs.

The project foresees the setting up of a spinning and weaving factory at Garoua, in the North of Cameroon and a processing factory (bleaching, dyeing and printing) at Douala. The installation of the spinning and weaving factory at Garoua, on the border of the cotton producing region of the Northern Cameroons, will contribute to the industrial development of the region.

In periods of normal activity the two factories will produce and process approximately 11 million yards of cotton fabric per annum. This production will be placed on the domestic market.

The total cost of the CICAM project amounts to 7.37 million units of account to which the Bank will contribute 1.215 million units of account. The Caisse Centrale de Coopération Economique and the Kreditanstalt für Wiederaufbau are also participating in the financing of the project.

This operation is the first intervention of the Bank in the Federal Republic of the Cameroons and has been undertaken under the terms of the Yaoundé Convention

between the European Economic Community and the seventeen African countries and Madagascar who are associated with the Community.

On 22 October 1965, the European Investment Bank concluded six loan agreements with the Cassa per il Mezzogiorno for the financing of industrial projects in the South of the Italian peninsula, in Sicily and in Sardinia.

The loans are guaranteed by the Italian government; the guarantee agreements were signed by H.E. Mr. Giulio Pastore, Special Affairs Minister for the Mezzogiorno.

The projects are:

1. Enlargement of a factory for the manufacture of typewriters and calculating machines at Pozzuoli-Naples.

The project will be carried out by Ing. C. Olivetti & C., S.p.A. of Ivrea (Turin). The realization of this project will increase the production of the Pozzuoli factory by about 50 % so that total output will reach nearly 500 000 equivalent units per annum.

The fixed investment in the project will amount to 4.16 million units of account to which the Bank will contribute a loan of 1.44 million units of account.

2. The construction at Aversa (Province of Caserta) of a factory for the manufacture of electro-mechanical devices, such as motor protectors, thermostats and relays which are used mainly in the household electrical appliance industry.

The project will be carried out by the Texas Instruments Italia S.p.A., affiliated to the Texas Instruments Inc. of Dallas, Texas. After completion the new factory will employ 580 workers.

The fixed investment for the project amounts to 1.82 million units of account to which the Bank will contribute 0.64 million units of account.

3. The enlargement of a tannery at Pescara, the production capacity of which will be increased by 20 %.

The promoters are S.p.A. Concerie Italiane Riunite - CIR, of Turin who were already given financial assistance by the Bank in 1963. The execution of the project will ensure the employment of 220 workers under conditions of improved productivity.

The fixed investment in the project amounts to 0.24 million units of account to which the Bank will contribute a loan of 0.12 million units of account.

4. The modernization and extension of a zinc smelting and refining plant at Crotone (Province of Catanzaro) which will increase the plant's production of electrolytic zinc from 24 000/25 000 tons to 40 000 tons per year.

The project will be carried out by the Società Mineraria e Metallurgica di Pertusola S.p.A., of Rome. Pertusola is a subsidiary of the Société minière et métallurgique de Penarroya, whose head office is in Paris.

The fixed investment in the project amounts to 6.58 million units of account to which the Bank will contribute a loan of 2.88 million units of account.

5. The enlargement of installations for the production of poly-ethylene at Priolo (near Syracuse - Sicily). The project is intended to increase the production capacity of high pressure poly-ethylene from 32 000 tons to 48 000 tons per annum. These

installations form part of the factory set up by Celene S.p.A., of Palermo, the Bank having participated in the financing of the construction in 1959. Apart from high pressure poly-ethylene the factory produces ethylene oxide and by-products, propylene oxide and by-products and oxysynthetic and ethyl alcohols.

The fixed investment in the project amounts to 2.88 million units of account to which the Bank will contribute a loan of 1 million units of account.

6. The construction of a factory for the production of caprolactam at Porto Torres (Province of Sassari on Sardinia).

The project will be carried out by the SIRAM S.p.A. whose head office is established at Sassari. The factory will form part of the installations of the petro-chemical complex of the Società Italiana Resine S.p.A. which also benefited from a financial intervention of the Bank in 1962.

The new factory will produce 10 200 tons of caprolactam per annum with sulphate of ammonia and hydrogen as by-products.

The fixed investment in the project will amount to 9.5 million units of account to which the Bank will contribute a loan of 3.2 million units of account.

The financing of the above mentioned projects will be effected through the competency of the following regional institutions: Istituto per lo Sviluppo Economico dell'Italia Meridionale (ISVEIMER), Istituto Regionale per il Finanziamento alle Industrie in Sicilia (IRFIS) and Credito Industriale Sardo (CIS) who are also participating on their own in the financing of the projects.

On 28 October 1965, the European Investment Bank concluded a loan agreement with the firm Kali-Chemie AG of Hanover for the financing of the modernization and extension of the phosphate fertilizer factory at Brunsbüttelkoog (Schleswig-Holstein).

The project is essentially directed towards the improvement of the technical and economic conditions of the factory, which is very favourably located on the estuary of the river Elbe, for the importation of natural phosphates by sea and for the distribution of the products to farmers in Schleswig-Holstein. The project also intends to increase the production of phosphate fertilizers. The realization of the project at Brunsbüttelkoog will have a favourable influence on the economic development of the region.

The fixed investment in the project amounts to 2.5 million units of account to which the Bank will contribute a loan of 1.25 million units of account.

The loan is covered by the guarantee of the Land of Schleswig-Holstein.

Bonds issue

The European Investment Bank has issued bonds with a total value of 500 million Belgian francs on the Belgian capital market. The bonds have been underwritten by a group of Belgian banks consisting of the Banque de la Société Générale de Belgique S.A., the Banque de Bruxelles S.A., the Kredietbank S.A., the Banque Lambert S.C.S. and the Société Belge de Banque S.A.

The twelve-year bonds, with a nominal value of 5 000 Belgian francs each, will bear interest at the rate of 6 1/2 % and will be offered to the public as from 25 October 1965 at 99 %.

The bonds will be redeemed in nine annuities at par as from 2 November 1969. The European Investment Bank will, however, have the option of redeeming by anticipation all or part of the bonds, at par, as from the end of the sixth year.

This issue constitutes the first public bond offering of the European Investment Bank in Belgium. The net proceeds from the sale of the bonds will be used for its general lending operations.

The Bank's outstanding bonds, including this issue, total about 193.2 million units of account.

The European Investment Bank has issued bonds with a total value of 15 000 million Italian Lire on the Italian capital market. The bonds have been offered to the public by a group of Italian banks headed by Mediobanca as from 25 October 1965. They will bear interest at the rate of 6 % and will be offered at 96 %.

The twenty-year bonds will be redeemed in 17 annuities at par as from 1 October 1969. The European Investment Bank will, however, have the option of redeeming by anticipation all or part of the bonds, at par, as from 1 October 1974.

This issue constitutes the second public bond offering of the European Investment Bank in Italy. The net proceeds from the sale of the bonds will be used for the Bank's general lending operations.

The Bank's outstanding bonds will total, after this issue, about 217.2 million units of account.

* * *

MISCELLANEOUS

Official visit to Luxembourg of the Chairman of the Economic and Social Committee

M. Piero Giustiniani, Chairman of the EEC and EAAC Economic and Social Committee, who is making a round of official visits to the capitals of the six Member States, was in Luxembourg on 13 and 14 October 1965 at the invitation of the Government of the Grand Duchy.

M. Giustiniani was also received by the President of the Court of Justice of the European Communities, M. Ch. L. Hammes, and by M. P. Delville, Chairman of the ECSC Consultative Committee which was set up under the Treaty of Paris and is similar in function to the Economic and Social Committee.

Ratification of the Treaty merging the Executives

On 19 October the Italian Chamber of Deputies ratified the Treaty establishing a single Council and a single Commission of the Communities. The ratification Bill was passed by 208 votes to 116, and was then sent to the Senate.

M. Giustiniani was accompanied by M. Jacques Genton, Secretary-General of the Economic and Social Committee.

The Treaty merging the Executives has already been ratified by France and Germany.

Visits to the Commission

Visit of the Danish Foreign Minister

The Danish Foreign Minister, M. Per Haekkerup, paid a visit to the EEC Commission on 12 October 1965.

M. Haekkerup, who is President of the EFTA Council, had talks with M. Jean Rey, a member of the Commission, and afterwards with Professor Walter Hallstein, its President.

Visits of African ministers

The Upper Volta Economics Minister, M. Edouard Yameogo, came to Brussels on 14 October 1965 to discuss with the staff of the European Development Fund a project for working manganese deposits.

A delegation from Gabon led by M. Anguillé, a member of the Government, was in Brussels from 18 to 21 October 1965 for discussions with officials of the European Development Fund and of the European Investment Bank concerning the possibility of working the iron deposits at Mekambo and the problem of transporting the ore.

Visit of the Bavarian Minister of Agriculture

M. Hundhammer, the Bavarian Minister of Food, Agriculture and Forestry, visited the Commission on 4 and 5 November 1965. The talks mainly concerned questions connected with the EEC's agricultural policy, particularly structural and regional policy.

Visit of Italian Members of Parliament

A party of Italian Members of Parliament, members of the Chamber of Deputies Agricultural Committee and of the Government coalition parties, visited the EEC Commission on 8 and 9 November 1965 for purposes of study and information. They met M. Mansholt and M. Levi Sandri, Commission Vice-Presidents, and M. Colonna di Paliano, a member of the Commission, with whom they discussed the situation in the Community, particularly with regard to agriculture.

Visit of a delegation from the European Movement

On 27 October 1965, M. Walter Hallstein, President of the EEC Commission, received a delegation from the European Movement consisting of M. Maurice Faure, President

of the European Movement, M. Duncan Sandys, a former Minister and a member of the International Executive Bureau of the European Movement, M. de la Vallée-Poussin, a Senator and President of the Belgian Council of the European Movement, and M. Van Schendel, the Secretary-General of the European Movement. M. Colonna di Paliano, a member of the EEC Commission, was also present.

The delegation handed the President of the Commission three resolutions which had been adopted by the Extraordinary Congress in Cannes on 3 October 1965 ⁽¹⁾.

Resolution on the Common Market crisis adopted by the European League for Economic Co-operation

The Central Council of the European League for Economic Co-operation (ELEC), which has members in eleven European countries, met on 18 October 1965. It expressed grave concern at the present deterioration in the European climate and the paralysis which is seriously threatening the working, and thereby the very existence, of the EEC.

The ELEC resolution begins by reaffirming that the Treaty of Rome must be applied in its entirety, in the spirit and in the letter. It recalls the position that the Six have acquired in the world, and the power of attraction that they exert as a result of the unprecedented economic expansion due to the Common Market; the Community's power of attraction is borne out by the interest in its survival shown by countries which are not even members.

It stresses the undesirable effects that the crisis, if prolonged, may have on the Kennedy round negotiations in GATT and on the negotiations at present being conducted with several non-member countries.

The ELEC therefore hopes that the Common Market will soon be working normally again, and pleads for resumption of the indispensable dialogue between the Commission and Council of Ministers; it would welcome any attempt to bring about a solution to the crisis, provided that the rules of the Community and the provisions of the Rome Treaty were respected.

Declaration by the Standing Conference of Chambers of Commerce of the EEC countries

The Standing Conference of Chambers of Commerce of the EEC countries published a declaration which, while making no pronouncement as to responsibility for the situation created on 30 June 1965, puts forward certain suggestions which it considers would be in the common economic interest of the member countries of the EEC. All the EEC countries agree that their production must be aimed at markets larger than the domestic market; they are therefore all trying to achieve the conditions under which this favourable development can continue.

⁽¹⁾ See Bulletin 11-65, "Miscellaneous".

The Standing Conference recalls its previous resolutions on the common agricultural policy and stresses that, if the harmonious development of the EEC is to be assured, the final establishment of the common agricultural market must be pursued at the same time as the completion of the common industrial market. Tariff disarmament is not in itself enough, but must be supplemented by decisions harmonizing every field of economic policy. The Chambers of Commerce of the EEC countries urge the Governments to make a fresh effort to negotiate, so that the decisions already taken may not be called in question, nor the choices which are preparing the way for structural changes in industry and commerce and for a better adjustment to international competition.

Resolution of the International Federation of Christian Agricultural Workers' Unions

The Committee of the International Federation of Christian Agricultural Workers' Unions, meeting in Antwerp, discussed the situation arising from the breakdown of negotiations in the Council of Ministers on 30 June 1965.

The Committee adopted a resolution deploring the French Government's decision not to attend meetings of the European institutions; it considers that to arrest the arduous but inexorable progress towards integration may jeopardize the welfare of the peoples of the Member States and, more particularly, the improvement which is urgently needed in the standard of living of agricultural workers in the Community.

The Christian Unions wish, on this occasion, expressly to reaffirm their belief in the principle of European unification, the effects of which would not be confined to the Member States but would inevitably extend to other European countries and even to other continents.

They are convinced that the proposal on the financing of the common agricultural policy, as amended by the European Commission in July 1965, provides a reasonable basis for the fruitful resumption of negotiations between the Governments of the Member States.

ANNEX

RESOLUTIONS OF THE EUROPEAN PARLIAMENT

Resolution on the Eighth General Report on the activities of the European Economic Community

The European Parliament,

Having taken note of the Eighth General Report on the activities of the European Economic Community;

Having heard the President and members of the EEC Commission,

1. *Fears* that the imbalance that has arisen as a result of progress in certain fields and delays in others may be harmful to the development of the Community;
2. *Regards* the development of the Community as satisfactory on the whole, notwithstanding serious shortcomings for which the Commission is by no means wholly responsible;
3. *Approves*, subject to the comments and suggestions below, the action taken by the Commission.

I

In the economic, cultural and social fields

4. *Notes with satisfaction*

- a) The new impetus that has been given to the development of the Community by the proposal "Initiative 1964";
- b) The increasing measure of tariff disarmament, which is in advance of the Treaty's objectives;
- c) The action taken in respect of short-term economic policy, which has already met with some success;
- d) The agreement that has been reached on the broad lines of a medium-term economic policy, and the efforts made by the Council and Commission to work out an initial programme in this field;
- e) The adoption of the regulation relating to block exemptions for cartel agreements;

f) The progress made with agricultural policy, and in particular the fixing of common cereal prices;

g) The relatively favourable development of trade with the Associated African States and Madagascar, the activities of the second European Development Fund, and the substantial progress made in training African and Malagasy supervisory staff;

b) The development of bilateral relations with certain non-member countries and the preparations for the Kennedy round negotiations;

i) The efforts made in the field of vocational training and exchanges of young workers, and the adoption of a broader approach to cultural problems;

j) The growing interpenetration of the economies of the Six;

k) The economic expansion and improved standard of living of the Community countries, largely due to the effects of the Common Market.

5. *Regrets*

a) The difficulties encountered in abolishing charges equivalent in effect to customs duties and measures equivalent in effect to quantitative restrictions;

b) The lack of progress with regard to customs legislation, although such progress is essential for the establishment of customs union;

c) The lack of any general view on the gradual modification of government monopolies;

d) The maintenance of restrictions on the movement of capital;

e) The very long delay with regard to common energy policy;

f) The slowness with which the common transport policy is being worked out and implemented;

g) The lack of any commercial policy towards Western countries, state-trading countries and developing countries;

b) The lack of any decision to found a European university;

i) The inadequate results in the field of health protection, particularly where the harmonization of laws and regulations is concerned;

j) The considerable delay in establishing a common social policy in all sectors, including agriculture;

k) The slow progress with regard to the harmonization of legislation, with obvious political effects.

6. *Would welcome*

a) The complete abolition of intra-Community customs duties and the application of the common customs tariff on 1 July 1967 in accordance with the Commission's proposals;

b) Action by the Commission, in the field of competition, to bring about a speedy settlement, based on existing texts, of the individual cases still pending;

c) Stronger action with regard to freedom of establishment and freedom to supply services;

d) Decisions concerning the harmonization of turnover taxes, and similar efforts regarding other sectors of taxation;

e) An agreement on the abolition of frontier controls;

f) The active pursuit of monetary and financial integration, with the creation of a European currency as the ultimate objective;

g) The adoption of Community arrangements governing aids granted by public authorities;

b) The rapid implementation of a common energy policy, commercial policy and common transport policy, the latter to include sea and air transport;

i) With regard to agricultural policy :

i) The rapid adoption by the Council of the proposals for market organizations for sugar, fruit and vegetables, and oils and fats;

ii) The fixing of common prices for the principal products applicable from 1 July 1967;

iii) A fairer and economically more satisfactory relationship between the prices of different agricultural products;

iv) The elaboration of a common policy for the fishing industry on the lines of the Commission's report;

v) An annual report by the Commission on the position of agriculture as compared with the rest of the economy and on the economic and social situation of the rural population;

vi) The elaboration by the Commission and reference to the Parliament of Community programmes to improve the structure of agriculture;

vii) The conclusion of an agreement on Community financing for the agricultural policy;

j) A Community policy designed, on the one hand, to improve the productivity of small firms and, on the other, to encourage mergers between firms in European countries without, however, allowing improper advantage to be taken of dominant positions;

k) Decisions concerning a Community patent system and the creation of a European type of company;

l) The elaboration by the Council and Commission of a common policy on pure and applied research, and the inclusion of the latter in a Community industrial policy;

m) Further participation in the round by the Community, which should eschew a protectionist attitude while at the same time ensuring that its economy obtains the necessary guarantees against unfair competition;

n) The elaboration of a general policy for the Community and the Member States towards the developing countries;

o) A mandate for the Commission similar to that given it for the Kennedy round negotiations, so that it may represent the Community at other conferences and international organizations of an economic nature;

p) The implementation by the Community, on the basis of the preparatory work done by the Commission and after the necessary

programming, of a regional policy with economic and social objectives, in close co-operation with the other Communities, the Member States and the regional and local authorities;

g) Increased cultural co-operation, continued efforts to bring about the mutual recognition of diplomas, and an attempt to harmonize the Member States' educational and vocational training systems;

r) More rapid harmonization of the laws and regulations relating to industrial safety and health protection;

s) Faster progress by the Commission and the Council towards the establishment of a social policy, and in particular :

i) The construction of low-cost housing and an improvement in the system of social security for migrant workers;

ii) Further action on collective agreements at European level, based on studies carried out by the Commission;

iii) The adoption of the Commission's proposals to increase the effectiveness of the Social Fund;

iv) The harmonization of social law and of social security systems;

v) Regular meetings organized at European level between representatives of governments, employers and workers ;

vi) The elaboration of a common employment policy;

t) Action taken by the Commission to ensure that consumers derive full benefit from the Common Market and, in particular, measures to improve distribution systems as a means to this end, with the support of the Member States.

II

In the legal and political field

7. *Notes with satisfaction*

a) That the Treaty merging the Executives and Councils has been signed;

b) That the steps taken in the field of economic integration are increasingly political in their implications.

8. *Regrets*

a) The interruption of negotiations on the financing of the common agricultural policy, independent revenues for the Community and wider powers for the European Parliament, which has led to the present crisis;

b) The absence of any agreement between the Governments regarding election of the European Parliament by direct universal suffrage;

c) The lack of democratic development in the Community, particularly as regards control of the budget by the Parliament and a more decisive role for that body in Community legislation;

d) The complete lack of co-ordination between cultural policy, defence policy and foreign policy, because the declaration made by the Heads of State or Government in Bonn on 18 July 1961 has not been followed by any steps in the direction of political unification.

9. *Would welcome*

a) The progressive establishment of a new European legal order guaranteeing the fundamental rights of all Community nationals;

b) Respect for the procedure laid down for interpretation of Community law, and co-operation between Community and national judicial bodies;

c) An improvement in the working of the institutions of the Association with the African States and Madagascar, and more active contacts between them;

d) The early resumption of negotiations on financing of the agricultural policy, independent revenues for the Community and the budgetary powers of the European Parliament;

e) Wider powers for the Parliament with regard to the budget and Community legislation, in accordance with the proposals that it submitted long ago;

f) More consideration for its opinions in future, and a more effective dialogue between it and the Councils;

g) The opening, as soon as possible and with the active participation of the Commu-

ity institutions, of negotiations for amalgamation of the Treaties, in the light of the experience gained by the three Communities and in the spirit of the Treaties of Paris and Rome.

III

In conclusion

10. *Hopes* that the present crisis may soon be resolved, and *addresses* a solemn appeal to this effect to the other Community institutions, and to the Governments and public opinion of the six countries.

11. *Trusts* that there will be a fresh European advance, so that the Community

may be able to go forward with vigour into the third stage of the transition period, and *hopes* that this stage will be shortened in certain fields, in accordance with proposals already submitted.

12. *Reaffirms* its profound conviction that the Member States must continue to follow the course mapped out by the Treaties in order that Europe may be integrated economically and politically.

13. *Hopes* that the Community, faithful to the highest European traditions, will assume more and more fully the responsibility which rests upon it in the world in the economic, cultural, social and political fields.

Resolution on the primacy of Community law over municipal law

The European Parliament,

Conscious that it is charged to see that the Treaties are applied correctly in order to attain all their objectives and to allow of the progressive development of the Communities;

Concerned at the tendencies that have been shown by certain national judicial bodies and are such as to jeopardize the implementation of Community provisions;

Convinced, however, of the need to respect the independence of the judiciary of the Member States, which is one of the cornerstones of democracy;

Endorses the conclusions of the report of its Legal Committee, and affirms the need

to recognize the primacy of Community law over the municipal law of Member States;

Considering that this subject is not sufficiently well known even in the circles directly concerned, *expresses the wish* that the national Governments should publish in the official gazettes of the various Member States, under the appropriate heading, the binding measures adopted by the Communities, both those that are directly applicable and those which have to be made applicable, in order to underline their importance at the national level, and

Instructs its President to make known the report by M. Dehousse and the present resolution as widely as possible among the competent national authorities.

Resolution of the European Parliament on a proposed decision, submitted by the Commission to the Council, extending for a further period and amending the Council decision of 4 April 1962 providing for a countervailing charge on certain processed agricultural products

The European Parliament,

[...]

1. *Endorses* the proposal submitted by the EEC Commission to the Council on

29 September 1965, extending for a further period the Council decision of 4 April 1962 providing for a countervailing charge on certain processed agricultural products

and amending certain of the provisions in force until 31 October 1965;

2. *Urges* that the Commission's proposal to the Council, which will replace the measures laid down in the decision of 4

April 1962 by other provisions, be put into effect rapidly, account being taken of the opinion of the European Parliament on this subject.

[...]

PUBLICATIONS OF THE EUROPEAN ECONOMIC COMMUNITY

A. Items concerning the activities of the European Economic Community published in the official gazette of the European Communities between 16 October and 13 November 1965

EUROPEAN PARLIAMENT

Written questions and replies

- N° 41 de MM. Bergmann et Lenz à la Commission de la C.E.E. Objet : Application de la recommandation de la Commission relative à l'admission en exemption de droits de douane, à compter du 1^{er} janvier 1965, de marchandises « communautaires » (petits envois et bagages personnels) — [No. 41 by M. Bergmann and M. Lenz to the EEC Commission : Implementation of the Commission recommendation relating to duty-free entry from 1 January 1965 for Community-produced goods (small consignments and travellers' luggage)] No. 172 18. 10.65
- N° 42 de MM. Herr et Pêtre à la Commission de la C.E.E. Objet : Etude concernant le développement de l'Eifel-Hunsrück (No. 42 by M. Herr and M. Pêtre to the EEC Commission : Study concerning development of the Eifel-Hunsrück area) No. 172 18. 10.65
- N° 44 de M. Troclet à la Commission de la C.E.E. Objet : Publicité pour produits de consommation (No. 44 by M. Troclet to the EEC Commission : Consumer goods advertising) No. 172 18. 10.65
- N° 36 de M. Richarts à la Commission de la C.E.E. Objet : Industrie de transformation dans les exploitations familiales agricoles (No. 36 by M. Richarts to the EEC Commission : Livestock products on family farms) No. 185 5. 11.65
- N° 39 de M. Troclet à la Commission de la C.E.E. Objet : Pistolets de scellement (No. 39 by M. Troclet to the EEC Commission : Cartridge-operated stud-drivers) No. 185 5. 11.65
- N° 40 de M. Berthoin à la Commission de la C.E.E. Objet : Marché européen de la noix (No. 40 by M. Berthoin to the EEC Commission : European walnut market) No. 185 5. 11.65
- N° 43 de M. Troclet à la Commission de la C.E.E. Objet : Hormones dans l'alimentation des animaux (No. 43 by M. Troclet to the EEC Commission : Hormones in animal feeding) No. 185 5. 11.65
- N° 45 de M. Troclet à la Commission de la C.E.E. Objet : Sécurité sociale (N° 45 by M. Troclet to the EEC Commission : Social security) No. 185 5. 11.65
- N° 48 de M. Vredeling à la Commission de la C.E.E. Objet : Importation de semences d'herbe en France (No. 48 by M. Vredeling to the EEC Commission : Imports of grass seed into France) No. 185 5. 11.65

N° 49 de M. Pleven à la Commission de la C.E.E. Objet : Certificat sanitaire concernant les bovins d'élevage ou de rente (No. 49 by M. Pleven to the EEC Commission : Health certificates for breeding or productive cattle) No. 185 5. 11.65

N° 50 de MM. Richarts, Bech et Herr à la Commission de la C.E.E. Objet : Aménagement de la route européenne n° 42 (No. 50 by MM. Richarts, Bech and Herr to the EEC Commission : Improvements to European highway No. 42) No. 185 5. 11.65

Notice of open competitive examinations

Avis de concours général n° PE/4/LA (traducteur d'expression néerlandaise) [Notice of open competitive examination No. PE/4/LA (Dutch language translator)] No. 182 30. 10.65

Avis de concours général n° PE/12/C (secrétaires sténodactylographes de langues allemande, française et italienne) [Notice of open competitive examination No. PE/12/C (German-, French- and Italian-speaking secretaries with shorthand/typing)] No. 182 30. 10.65

Avis de concours général n° PE/13/C (dactylographes de langue allemande) [Notice of open competitive examination No. PE/13/C (German-speaking typists)] No. 182 30. 10.65

Prorogation de la validité de la liste de réserve de recrutement établie à la suite du concours général n° PE/9/C (dactylographes d'expression allemande, française et italienne) publié au « Journal officiel des Communautés européennes » n° 160 du 19 octobre 1964 [Extension for a further period of the reserve list drawn up following open competitive examination No. PE/9/C (German-, French- and Italian-speaking typists) published in the official gazette of the European Communities, No. 160, 19 October 1964] No. 182 30. 10.65

COUNCIL AND COMMISSION

Regulations

Règlement n° 142/65/CEE de la Commission, du 15 octobre 1965, modifiant le règlement n° 116/65/CEE en ce qui concerne la durée de validité du montant de la restitution applicable, dans des cas particuliers, à l'exportation de certains produits laitiers vers les pays tiers (Commission Regulation No. 142/65/CEE of 15 October 1965 amending Regulation No. 116/65/CEE in respect of the period of validity of the refund applicable, in special cases, to exports of certain milk products to non-member countries) No. 170 16. 10.65

Règlement n° 143/65/CEE de la Commission, du 15 octobre 1965, relatif à la suppression des montants supplémentaires pour les viandes de l'espèce porcine domestique en provenance des pays tiers (Commission Regulation No. 143/65/CEE of 15 October 1965 relating to the abolition of the supplementary amounts for pigmeat from non-member countries) No. 170 16. 10.65

Règlement n° 144/65/CEE de la Commission, du 18 octobre 1965, instituant une taxe compensatoire à l'importation de raisins de table de plein air en provenance de Bulgarie et Roumanie (Commission Regulation No. 144/65/CEE of 18 October 1965 instituting a countervailing charge on imports from Bulgaria and Rumania of dessert grapes grown in the open) No. 172 18. 10.65

- Règlement n° 145/65/CEE de la Commission, du 19 octobre 1965, modifiant le règlement n° 73/64/CEE en ce qui concerne les ports retenus pour le calcul des prix CAF du riz et des brisures (Commission Regulation No. 145/65/CEE of 19 October 1965 amending Regulation No. 73/64/CEE in respect of the ports used in calculating cif prices for rice and broken rice) No. 173 20. 10.65
- Règlement n° 146/65/CEE de la Commission, du 22 octobre 1965, portant modification du règlement n° 158/64/CEE, relatif au calcul forfaitaire des impositions intérieures perçues à l'importation sur certains produits laitiers (Commission Regulation No. 146/65/CEE of 22 October 1965 amending Regulation No. 158/64/CEE concerning the calculation on a flat-rate basis of internal charges on imports of certain milk products) No. 176 23. 10.65
- Règlement n° 147/65/CEE de la Commission, du 26 octobre 1965, portant modification du règlement n° 161/64/CEE relatif au prix du marché mondial de la viande congelée (Commission Regulation No. 147/65/CEE of 26 October 1965 amending Regulation No. 161/64/CEE concerning world prices for frozen meat) No. 179 27. 10.65
- Règlement n° 148/65/CEE du Conseil, du 27 octobre 1965, portant prorogation de la validité du règlement n° 88/65/CEE du Conseil relatif aux restitutions à l'exportation vers les pays tiers dans les secteurs de la viande de porc, des œufs et de la viande de volaille (Council Regulation No. 148/65/CEE of 27 October 1965 extending for a further period Council Regulation No. 88/65/CEE relating to refunds on exports of pigmeat, eggs and poultrymeat to non-member countries) No. 180 28. 10.65
- Règlement n° 149/65/CEE du Conseil, du 27 octobre 1965, portant prorogation de la validité et modification des dispositions du règlement n° 113/64/CEE du Conseil relatives au lait en poudre (Council Regulation No. 149/65/CEE of 27 October 1965 extending for a further period and amending Council Regulation No. 113/64/CEE relating to powdered milk) No. 180 28. 10.65
- Règlement n° 150/65/CEE du Conseil, du 27 octobre 1965, portant modification de l'article 3 du règlement n° 47/64/CEE du Conseil en ce qui concerne la définition des produits auxquels s'appliquent les coefficients fixés pour les quartiers avant et les quartiers arrière (viande bovine) (Council Regulation No. 150/65/CEE of 27 October 1965 amending Article 3 of Council Regulation No. 47/64/CEE in respect of the definition of fore and hind quarters (of beef and veal), to which coefficients are applicable) No. 180 28. 10.65
- Règlement n° 151/65/CEE du Conseil, du 27 octobre 1965, modifiant le règlement n° 55/65/CEE du Conseil et le règlement n° 56/65/CEE du Conseil concernant des dispositions particulières relatives à l'écoulement de certains fromages (Council Regulation No. 151/65/CEE of 27 October 1965 amending Council Regulation No. 55/65/CEE and Council Regulation No. 56/65/CEE concerning special provisions relating to the sale of certain cheeses) No. 180 28. 10.65
- Règlement n° 152/65/CEE de la Commission, du 27 octobre 1965, prorogeant la validité et modifiant le texte du règlement n° 69/65/CEE concernant la vente accélérée des stocks publics excédentaires de beurre (Commission Regulation No. 152/65/CEE of 27 October 1965 extending for a further period and amending Regulation No. 69/65/CEE concerning the more rapid sale of public stocks of surplus butter) No. 181 29. 10.65
- Règlement n° 153/65/CEE de la Commission, du 5 novembre 1965, diminuant les montants supplémentaires pour les poulets et poules abattus et pour les moitiés ou quarts de poulets et poules (Commission Regulation No. 153/65/CEE of 5 November 1965 reducing the supplementary amounts for slaughtered chickens and hens and for halves or quarters of chickens and hens) No. 186 6. 11.65

- Règlement n° 154/65/CEE de la Commission, du 8 novembre 1965, en vue d'éviter les détournements de trafic pouvant résulter du système d'abattement sur le prélèvement applicable aux importations de riz décortiqué (Commission Regulation No. 154/65/CEE of 8 November 1965 designed to avoid diversion of trade resulting from the system of abatements on the levy on imports of husked rice) No. 188 9. 11.65
- Règlement n° 155/65/CEE de la Commission, du 10 novembre 1965, instituant une taxe compensatoire à l'importation de raisins de table de plein air en provenance de Bulgarie (Commission Regulation No. 155/65/CEE of 10 November 1965 instituting a countervailing charge on imports of Bulgarian dessert grapes grown in the open) No 190 10. 11.65
- Règlement n° 156/65/CEE de la Commission, du 10 novembre 1965, portant fixation des prix de référence pour les oranges douces (Commission Regulation No. 156/65/CEE of 10 November 1965 fixing reference prices for sweet oranges) No. 191 12. 11.65
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- Règlement n° 158/65/CEE de la Commission, du 12 novembre 1965, portant fixation des prix de référence pour les mandarines et clémentines (Commission Regulation No. 158/65/CEE of 12 November 1965 fixing reference prices for mandarines and clementines) No. 192 13. 11.65

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- Décision de la Commission, du 12 octobre 1965, portant nouvelle modification de sa décision du 6 novembre 1964 autorisant la perception de taxes compensatoires sur les importations en République française de sucreries sans cacao ne contenant pas de liqueur alcoolique en provenance des autres Etats membres (Commission decision of 12 October 1965 further amending its decision of 6 November 1964 authorizing France to impose countervailing charges on imports of sugar confectionery, not containing cocoa or alcohol, from the other Member States)
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B. Issues of the agricultural supplement to the official gazette containing the tables appended to the Commission's decisions fixing cif prices, premiums to be added to levies, the amounts to be added or deducted in computing refunds for cereals, and free-at-frontier cereal prices :

- Supplement No. 41 of 27 October 1965
- Supplement No. 42 of 3 November 1965
- Supplement No. 43 of 10 November 1965
- Supplement No. 44 of 17 November 1965

C. Recent publications of the European Community ⁽¹⁾

Non-periodical publications

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Recommandation de la Commission du 7 juillet 1965 aux Etats Membres, concernant le logement des travailleurs et de leur famille qui se déplacent à l'intérieur de la Communauté (Extrait du Journal Officiel des Communautés Européennes du 27 juillet 1965)

8166

Commission recommendation of 7 July 1965 to the Member States concerning housing for migrant workers and their families in the Community (Extract from the official gazette of the European Communities, 27 July 1965)

1965. 20pp. (f,d,i,n). Free

Periodical publications

4002

Graphs and Notes on the Economic Situation in the Community. Monthly. No. 10/1965. Three bilingual editions : e/f, d/n, f/i. Price per issue : 3s.6d.; \$0.50; Bfrs. 25
Annual subscription : £1.16s.0d., \$5.00, Bfrs 250

[...]

C.E.E. Informations. Marchés agricoles. Echanges commerciaux. (EEC Information. Agricultural Markets. Trade)

Bi-monthly. No. 2, October, and Nos. 1 and 2, November 1965.
(f/d/i/n). Limited distribution.

[...]

C.E.E. Informations. Marchés agricoles. Prix (EEC Information. Agricultural Markets. Prices)

Bi-monthly. Nos. 16 and 17/1965
(f/d/i/n). Limited distribution.

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

[...]
Programme d'investissements dans l'industrie pétrolière de la Communauté (Situation au 1 janvier 1965)

Programme of investment in the petroleum industry in the Community (Position at 1 January 1965)

Annual. (f,d,i,n). 1965. Limited distribution.

[...]
Importations dans la Communauté de pétrole brut et de produits pétroliers en provenance des pays tiers en 1963, 1964 et estimations pour 1965.

Imports of crude oil and petroleum products into the Community from non-member countries in 1963 and 1964 with estimates for 1965.

Annual. (f,d,i,n). 1965. Limited distribution.

D. Publications by the joint services of the three Communities

Joint Information Service

Publications by offices in capital cities

Bonn : Europäische Gemeinschaft No. 11, November 1965

The Hague : Europese Gemeenschap No. 76, November 1965

Paris : Communauté européenne No. 11, November 1965

Rome : Comunità Europea No. 11, November 1965

London : European Community No. 11, November 1965

Washington : European Community No 86, October 1965

Statistical Office of the European Communities

General Statistical Bulletin, No. 11/1965

Commerce extérieur : Statistique mensuelle (Foreign Trade : Monthly Statistics) No. 11/1965

Commerce extérieur : Statistiques tarifaires, 1962, Exportations (Foreign Trade : Tariff Statistics, 1962, Exports).

A.O.M. Bulletin statistique, (Overseas Associated Areas : Monthly Statistics), No. 7/1965

Sidérurgie (Iron and Steel) No. 5/1965

Statistique de l'énergie (Energy Statistics) No. 5/1965

Foreign Trade' Monthly Statistics, No. 7/1965

