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Proposal for a Council regulation concerning the introduction of common rules for international passenger transport by road

(submitted by the Commission to the Council on 13 April 1964)

The Council of the European Economic Community,

Having regard to the provisions of the Treaty instituting the European Economic Community, and in particular Article 75 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the Economic and Social Committee;

Having regard to the opinion of the European Parliament;

Whereas the introduction of a common transport policy necessitates the adoption of standard definitions for the various classes of international passenger transport by coach;

Whereas this common policy includes, among other things, the drawing-up of common rules applicable to international passenger transport by road to or from the territory of a Member State or through the territory of one or more Member States;

Whereas such common rules should aim at co-ordination between the various methods of international passenger transport;

Whereas in order to encourage competition in the field of non-scheduled international passenger road services, it is advisable when drawing up common rules to harmonize and amplify existing liberalization be taken in two stages, taking into account the harmonization measures and the approximation of conditions of competition;

Whereas in the near future it will also be advisable to draw up common rules for scheduled international services; whereas, taking into account the increased movements of manpower between Member States resulting from the gradual economic integration of the Community, priority should be given in this connection to common rules for the transport of workers between their home and place of work by special scheduled services;

Whereas common rules should also be established for international shuttle services; whereas shuttle services have increased considerably with the growth of international travel;

Whereas it is advisable to introduce a standard control document to be used by non-scheduled services when making trips under the liberalization measures adopted in

the first stage, so that transport operations which will not be liberalized until the second stage are not carried out without the necessary licence; and whereas when international non-scheduled services are completely liberalized in the second stage a national licence for non-scheduled transport will be sufficient as a control document,

Has adopted the present regulation:

Section I

Definitions and scope

Article 1

1. Scheduled services are those which carry passengers at a specified frequency and over a specified route; such a service may pick up or set down passengers at previously arranged stops.
2. Operating regulations or similar documents, approved by the competent authorities of Member States and published in advance by the carrier, shall set out the conditions of carriage, including frequency, time-tables, fares, and the obligation to carry in so far as such conditions are not embodied in legislative provisions.
3. Services carrying particular categories of passengers to the exclusion of other, in so far as such services operate under the conditions specified in paragraph 1, shall also be considered as scheduled services. Such services — mainly the transport of workers between their home and place of work and schoolchildren between their home and school — shall be termed "special scheduled services".

Article 2

1. Shuttle services are those which carry, on several outgoing and return journeys, from a single point of departure to a single destination, passengers already divided into groups. Each group, consisting of passengers who have made the outgoing journey together, is brought back to the point of departure by a later trip, but the authorities concerned may rule that certain passengers need not return with their group.

2. On such services passengers may not be picked up or set down *en route*; the authorities concerned may, however, make exceptions regarding the points of departure and destination.

3. The first return journey and the last outward journey of the shuttle service shall be made empty, but the competent authorities may make exceptions.

Article 3

Non-scheduled services are those which cannot be defined as scheduled services within the meaning of Article 1 nor as shuttle services within the meaning of Article 2. They may not pick up or set down passengers *en route* between points of departure and destination, except as authorized by the competent authorities of the Member State concerned.

Article 4

1. The provisions of this regulation shall be applicable to the international transport of passengers by road —

to or from the territory of a Member State or through the territory of one or more Member States;

by vehicles designed and equipped to carry more than nine persons including the driver.

2. The provisions of Articles 5 and 6 of this regulation shall be applicable to transport as specified in paragraph 1 using vehicles registered in one of the Member States. The provisions of Article 5 shall not be applicable in so far as existing regulations pursuant to bilateral agreements between Member States provide for more liberal treatment.

Section II

Common rules

Article 5

1. From 1 January 1965 non-scheduled transit services crossing a Member State loaded or empty shall, on condition that no passengers shall be picked up or set down in the territory of such Member State, be exempt from licensing other than by the Member State in which the vehicle is registered.

2. From the same date non-scheduled services complying with the following conditions shall be exempt from licensing other than by the

Member State in which the vehicle is registered:

a) The same vehicle shall transport the same group of passengers throughout the journey and set them down at a single destination;

b) After setting down the passengers, the vehicle must leave the territory of the Member State empty.

Article 6

From 1 January 1968 all non-scheduled services to or from the territory of a Member State shall be exempt from licensing other than by the State in which the vehicle is registered, but the taking on of new passengers at the point of destination may be subject to licence where a non-scheduled service is operated over a route on which a scheduled service within the meaning of Article 1 is operated.

Article 7

Before 1 January 1965 the Council shall, in accordance with the terms of Article 75 of the Treaty, draw up common rules for scheduled services within the meaning of Article 1 to or from the territory of a Member State or through the territory of one or more Member States.

Article 8

Before 1 January 1966 the Council shall, in accordance with the terms of Article 75 of the Treaty, draw up common rules for shuttle services within the meaning of Article 2 to or from the territory of a Member State or through the territory of one or more Member States.

Section III

Control and penalties

Article 9

1. From 1 January 1965 until 31 December 1967 a way-bill shall be completed in duplicate for every journey referred to in Article 5 hereof. It shall be printed in the language of the Member State in which the vehicle is registered and shall be issued in the form of a book of 50 sheets in duplicate, the originals being perforated. Each sheet shall, in addition to the book number, bear an additional serial number. A specimen way-bill is shown in the annex to the regulation.

2. Books shall be supplied by the competent government department of the country in which the vehicle is registered or by a body authorized for this purpose. Books shall be made out in the name of the carrier; they shall be valid until 31 December of the year of issue and must be returned before 31 March of the following year.

3. The carrier shall be responsible for the correct use and keeping of the way-bill, the original of which shall accompany the vehicle and be produced whenever requested by an official inspector; the carrier shall keep the originals of the control document for one year for checking purposes.

Article 10

From 1 January 1968 a national licence to operate non-scheduled services shall take the place of a way-bill for all non-scheduled services to or from the territory of a Member State or through the territory of one or more Member States; it must be carried on board the vehicle and be produced whenever requested by an official inspector.

Article 11

1. The Member States shall in due course lay down any laws, regulations or instructions

necessary for the implementation of this regulation. Such provisions shall relate in particular to organization, procedure and methods of control and to the penalties applicable in cases of infringement.

2. The Member States shall, within three months from this regulation coming into force, inform the Commission of the measures taken.

Section IV

Final provisions

Article 12

Articles 5 and 6 of this regulation shall be without prejudice to any conditions laid down by Member States for their nationals to engage in the activities therein mentioned.

Article 13

1. This regulation shall be binding in all its parts and directly applicable in every Member State.

2. This regulation shall come into force on 1 September 1964.

ANNEX

(cover of way-bill book)

No.

WAY-BILL

Surname and first name(s) or style of carrier

Address

.....

Important note

1. A way-bill must be completed in duplicate for non-scheduled services which are exempt from licensing by virtue of Article 5 of Regulation No. of the Council of the EEC and which make journeys

in transit

in which passengers are set down in another Member State and the vehicle leaves empty.

2. The original of the way-bill must be carried on board the vehicle throughout the journey. The book containing the copies should be kept at the carrier's office. The latter is responsible for the correct use and keeping of the way-bills.

3. The original of the way-bills must be kept by the carrier for one year.

4. This book is to be returned before 31 March 19...

to the following address:

.....

Date of issue

(stamp of issuing office:)

Book No.

Way-bill No.

WAY-BILL

*for the non-scheduled international transport of passengers by road
exempt from licensing by virtue of Art. 5 of Regulation No.
of the Council of the EEC*

1. Vehicle Country of registration

Registration No.

Make

Passenger seat capacity

2. Carriers Surname and first name(s) or style

.....

Address

3. Nature of services * In transit loaded through the following countries:
.....
without picking up or setting down passengers therein.

* In transit empty through the following countries:
.....

* Entry loaded, setting down passengers at
.....
(place and country of destination)
and exit empty to the following country:

4. Full route Dates: Daily stages	Daily mileage (km)	State whether journey made loaded or empty	Frontier points

5. Stamp and date of check by customs or other authority:

(*) Complete where applicable.

6. List of passengers:

<i>Surname and first name</i>	<i>Surname and first name</i>
1.	26.
2.	27.
3.	28.
4.	29.
5.	30.
6.	31.
7.	32.
8.	33.
9.	34.
10.	35.
11.	36.
12.	37.
13.	38.
14.	39.
15.	40.
16.	41.
17.	42.
18.	43.
19.	44.
20.	45.
21.	46.
22.	47.
23.	48.
24.	49.
25.	50.

The undersigned declares that he holds a national licence to operate non-scheduled services issued

on

by

(authority and place of issue)

Date of completion of way-bill

(stamp, signature of carrier)

A review of the common
transport policy in the sphere of infrastructure
investment

and

Proposal for a decision of the Council
on Community action in the sphere of
transport infrastructure investment

(submitted by the Commission to the Council on 13 April 1964)

1. Not only in the "Memorandum on the general lines of a common transport policy" of 10 April 1961 but also in the "Action programme for common transport policy" of 21 May 1962, the Commission stressed the importance which, in its opinion, should be attached to the steps to be taken in the sphere of transport infrastructure investment. In particular the Commission stated the possible content and stages of investment co-ordination (points 195 to 203 of the Action Programme).

The attitude adopted on this subject by the Commission is widely shared. For instance, it will be seen from the Messina resolution of 1-2 June 1955, that the only action envisaged on transport consists in intervention relating to transport investment with the aim of ensuring "the common development of major routes of communication . . . , the creation of a European network of canals, motorways and electrified lines . . . and the standardization of equipment". Subsequently the Common Assembly of the ECSC (Report by M. Kapteyn on the co-ordination of European transport — Doc. No. 6 — November 1952), then the European Parliament, in the reports submitted by M. Kapteyn (Doc. No. 106 of 11.12.1961 — sections 105 et seq.) and M. Müller-Hermann (Doc. No. 18 of 2.5.1962) also insisted on the need for action in this field entailing not only the co-ordination of investment but also the adaptation of communications networks to the requirements of the Common Market. In addition the industrial and trade union bodies concerned, in their studies on and declared attitudes towards the common transport policy, have shown a keen interest in the problems involved in the co-ordination of investment.

This explains the very favourable reception given to the first step taken in this field by the Commission, consisting of the recommendation of 21 June 1960 and 25 July 1961 for the development of transport infrastructure.

2. We need not wonder at the importance which thus seems to be unanimously attributed to the action to be undertaken as regards infrastructure investment under the common transport policy.

This is first of all due to the scale of the expenditure normally involved in such investment, which constitutes a considerable portion of fixed capital formation, and to the long-term consequences of the decisions taken in respect of such investment.

It is also due to the fact that this action is of as much interest from the point of view of general economic policy as it is from that of transport policy. Transport infrastructure investment governs the pattern of traffic flows and the future development of particular forms of transport; it can, moreover, also have a decisive influence on regional development. Action in the sphere of transport infrastructure investment should not therefore be considered in isolation; it is closely linked not only to transport policy but also to general economic policy.

In addition it is a field in which any progress achieved will constitute a concrete contribution to ensuring closer relations between Member States.

I. Aims of action

3. Although the importance of the action to be taken as regards transport infrastructure investment is not disputed, it is nevertheless necessary to determine its various spheres clearly now. It will in fact be found that this action can be applied to problems which differ greatly not only as regards the difficulties they raise but also as regards their respective importance and the urgency of the solutions they call for.

It will also be found that these problems had already appeared within each of the Member States, but that the existence of the Community gives them fresh dimension and point.

The first problem is to determine the proportion of overall resources to be devoted to transport infrastructure investment and the breakdown of this portion amongst the regions. Since this investment is basically public investment, the proportion is determined by the States under their general economic policy in the light of very varying considerations, amongst which those relating to transport are not necessarily predominant. As a Community general economic policy is gradually introduced, the same problem will recur on a Community scale.

The second problem, which Member States already have to solve as part of their national transport policy, is what must be called "co-ordination of investment". As proposed by the European Parliament in the "Terminological list relating to economic concepts in transport, with particular reference to costs" (Doc. 106 of 11.12.1961 — annex), it seems preferable to reserve the term "co-ordination" to measures calculated to create competition between the various forms of transport. In the present case, co-ordination of investment covers all the measures whose object is to ensure the optimum breakdown of the resources allocated to transport infrastructure investment between different methods of transport.

The third problem consists in transforming six juxtaposed national communications systems into a single network for the Community as a whole. Although the States which signed the Rome Treaty have always remained interested in links with neighbouring countries, they have nevertheless built up their transport systems in the light of basically national preoccupations and in relation to the requirements of their own economies. The establishment of the Common Market now necessitates the close articulation of these national networks in order to do away with the obstacles and lack of continuity at present capable of existing along the Community's internal frontiers and to ensure the development of major links between the Community's main centres.

Lastly, the fourth problem is the harmonization of the technical aspects of transport infrastructures. This harmonization is a corollary to the unification of communications networks inside the Community. It must also enable the Community to benefit from experience gained and technical progress achieved in each of the Member States.

The solutions to these problems must obviously be worked out in the light of the need to improve traffic safety; in particular, as part of this general programme, effect must be given to the road policy of which the European Parliament, in its resolutions of 23 January 1964, justly defined the requirements and underlined the necessity.

4. Although it is necessary to distinguish the fields in which action should be undertaken as regards transport infrastructure investment, this does not mean that we can lose sight of the links existing between the problems which have been enumerated.

In the various forms which it can thus take, the action concerned is an overall one forming an integral part of the common transport policy and must satisfy the same requirements as the policy itself.

II. The place of investment action in the common transport policy and in general economic policy.

5. In order to achieve the aims laid down by the Treaty as regards transport, the Commission has in fact decided that common transport policy measures should relate not only to the operation of transport services in its various aspects, such as free circulation, market organization and harmonization of the conditions of competition, but also to transport infrastructures.

Although the final aim of any transport policy is to provide the States concerned and, in the present case, the EEC with a transport system capable of meeting all requirements satisfactorily at the least cost to the Community, the infrastructures cannot remain outside this policy owing to the part they play as production factors in transport.

The common transport policy prescribed by the Rome Treaty must be envisaged in its scope and content. In the short term, it entails removing obstacles which, through transport, might hinder the introduction of the Common Market. The main items concerned are the abolition of discrimination and support and the improvement of frontier-crossing conditions (Arts. 79, 80 and 81). The proposals which the Commission has submitted to the Council on rate brackets, the Community quota and harmonization may be regarded as the elements of a medium-term common transport policy. It is nevertheless clear that these steps will only produce their full effect in the future if they are supplemented by steps relating to lines of communication. The inadequate or irrational development of infrastructures is capable of thwarting and even undoing the good of the steps taken to ensure healthy competition between different forms of transport. Action in the sphere of infrastructure investment thus constitutes an essential part of the long-term common transport policy.

6. There are other reasons why this action is necessary under the common transport policy.

The reason why the authors of the Rome Treaty saw fit to stipulate a common policy for transport and decided that it was not enough merely to subject this sector to the general provisions applicable to the economy as a whole was doubtless the importance they attached to the smooth running of transport services for the introduction of the Common Market although they also had in mind a number of special phenomena affecting transport economics and known as the "special aspects" of transport.

The Commission has already had occasion to point out (see Memorandum on the general lines of a common transport policy, points 13 to 15 and Annex, points 24 and 25), that some of the special aspects arise particularly in connection with transport infrastructures. On the one hand the very long life of these infrastructures makes forecasts as to their use extremely difficult and uncertain. On the other hand the character of indivisibility is especially marked in the collective property which transport infrastructures represent. The result is that in the transport sphere, contrary to what takes place in most other economic sectors, decisions on the construction and operation of infrastructures are centralized and are the responsibility of States or else strictly controlled by them. In addition the decisions are partly guided by requirements other than strictly economic ones in that they always have a more or less pronounced political character.

7. From the Common Market point of view, action in the sphere of infrastructure investment becomes a means of adapting transport systems to the new situations and requirements which will arise from Community integration. This action must first of all aim at improving the flexibility of national systems so as to eliminate the material obstacles which inadequate or unsuitable lines of communication might present to trade between Member States. The action must also direct investment in such a way that the infrastructures are capable of meeting the growing needs of an expanding economy and the new patterns of traffic which the removal of economic frontiers may give rise to.

8. The foregoing considerations have clearly shown that the common transport policy prescribed by the Rome Treaty would be incomplete and unsound if limited to organizing the Community transport market and not at the same time dealing with transport infrastructures.

Action on infrastructure investment forms an integral part of the common transport policy and is directed towards the same ends; the principles by which it is guided must therefore be in harmony with those of such common policy.

It is important to emphasise the unity of the common transport policy, which cannot merely consist of a series of independent measures each aiming at its own objective in isolation. These objectives are part of the same final goal; the overall steps to be taken form an organic whole, all the portions of which are related and must be coherent. No important aspect of transport economics must be overlooked.

9. Nevertheless, without thereby simply considering transport as an instrument of general economic policy, the Commission has declared that the common transport policy must be ever more closely dovetailed into the other sectors of Community economic policy. As already noted in point 2 above, this declaration is of especial validity as regards action relating to infrastructural investment.

Investment on infrastructures of public interest, which include transport infrastructures, in fact constitutes one of the basic ingredients of national economic policy. Community action in this field must therefore be conceived in the light of and as part of the general economic policy of the Community and must find a place in the medium-term common economic policy programme defined in the Commission's recommendation to the Council of 25 July 1963. The Commission has clearly demonstrated the need for the Community to draw up an overall framework for medium-term economic policy to embrace the steps to be undertaken both by Governments and by the European institutions.

For this purpose the Commission has proposed the creation of a medium-term economic policy committee; the Commission itself proposes to appoint a group of independent experts to study the economic development prospects of the Community.

Action in the sphere of transport infrastructure investment is a sectoral element of the overall action to be undertaken as regards the Community's medium-term economic policy in determining the share of overall resources to be devoted to transport infrastructure investment. This action nevertheless raises other specific problems, which must be examined as part of the common transport policy pursuant to the latter's requirements. These can be solved by applying Article 75 of the Treaty.

The links which must exist between action in the sphere of transport infrastructure investment and the Community's medium-term economic policy were stressed in point 34 of the recommendation of 23 July 1963.

10. These links will be found particularly necessary as regards regional policy.

In view of the decisive influence which such infrastructures may have on the development of a given region, on the location of industry and on the creation or direction of traffic patterns, it is clear that investment decisions must not only allow for regional policy measures and town and country planning but also for steps taken to co-ordinate agricultural structure policies and to organize agricultural markets on a common basis. In the same fields consideration must also be paid to the social aspects involved. The gradual establishment of the Common Market cannot but make these links more necessary in order to avoid aggravating certain imbalances already existing in the development of different parts of the Community.

The stimulating role which communications are capable of playing in regional expansion may therefore necessitate temporary exceptions to the rules eventually adopted for the planning of investment.

III. *Methods*

11. The action thus undertaken in the sphere of transport infrastructure investment necessitates adopting common criteria and principles which will have to be adhered to when making investment decisions, not only by Member States but also at Community level. Since the resources proposed for transport infrastructures are necessarily limited and will always appear inadequate by comparison with requirements, these principles and criteria must be so applied as to select investments whose profitability to the community as a whole is greatest.

These common principles and criteria must provide the authorities concerned with means of limiting the risk of error to the absolute minimum, both as regards the direction of their investment policy overall and as regards the co-ordination of investment proper and the creation of the communications network to serve the Community as a whole. The principles and criteria referred to may also provide valuable pointers on harmonizing technical features.

We shall thus, as far as possible and with increasing certainty, avoid expenditure which is useless, too onerous or liable to result in duplicated effort, at the same time minimizing the overall cost of transport to the community as a whole.

12. The limitation of available resources, the interconnection of networks and the elimination of distortions in competition in the transport sector between Member States mean that these principles and criteria must be adhered to in all Community investment

decisions, otherwise resources might be allocated on a national level to less useful projects to the detriment of those considered necessary for the development of the Community.

Does this mean that Community action regarding investment should cover all the transport infrastructures of Member States? If Community action embraced such a wide field, it would run up against considerable practical difficulties. It seems that those infrastructures which, however important they may be nationally, do not directly effect the operation of the Common Market should be excluded, for example urban and secondary roads for which strictly economic criteria are not necessarily the most important ones.

On the other hand Community action must extend to all communication infrastructures which are genuinely important to the economic equilibrium of the Community. These communications "of Community interest" underlie the main patterns of trade between Member States and between the Community and third countries. They will include links between the main business centres, between ports and their hinterlands, new rapid connections between outlying areas of the Community and its business centres and certain routes which are important for regional development.

13. One of the factors which Community action must allow for is the new traffic patterns now emerging and the changes likely to take place in the future.

However varied the reasons for these changes may be, it is essential for forecasting methods to become sufficiently reliable and comprehensive for investment decisions to be taken in time and for Community communication networks to be capable of meeting the new transport requirements at all times.

14. It might be imagined that such a view of the action to be undertaken in the investment sphere necessitates, on the Community level, not only defining common principles and criteria but also conferring certain powers of decision. The latter could even be strengthened by the creation of institutions such as a Community investment fund maintained by contributions from the Member States or by some other means.

The Commission does not, however, put forward any view at the moment on the forms which such strengthening of Community action might take. It will be sufficient to point to this possibility and to leave the authorities concerned to learn from initial experience when the time comes.

15. However convinced it may be of the need to achieve the objectives which we have been describing, the Commission is not blind to the many and considerable difficulties which will be encountered. Although the studies so far made have shown that there are scientific rules which should govern the choice of investments, it is impossible to apply these rules systematically because important problems of application have not yet been solved and the basic data are largely lacking. Only when these gaps have been filled will it be possible to define the common principles which can be put before Member States and the Community institutions to serve as a basis for the choice of investment. We are still a long way from this stage, because the research undertaken in this field has so far been infrequent and incomplete. Systematic research must therefore be undertaken as part of an overall programme whose completion will entail perseverance and a considerable period of time.

For all the reasons given above the results of research on infrastructures alone would be inadequate. Once again we must stress how interdependent are the various aspects of the common transport policy. The work undertaken in establishing the cost of infrastructures and that relating to operating costs will provide valuable information for rational action when deciding on investment. We must also allow for the effects of implementing tariff and quota regulations. This means that the progress achieved by action in the investment sphere will partly depend on progress achieved in other spheres of the common transport policy and vice versa.

16. The fact that the links between the common transport policy and the general economic policy of the Community must appear mainly on the level of Community action in the investment sphere means that in addition to the common principles and criteria normally applicable to the selection of investment, exceptions must also be allowed for in order to meet certain requirements of this general economic policy. In particular we must allow for the requirements of regional policy, but here again the exceptions must comply with common rules and be decided at Community level.

Progress in the sphere of transport infrastructure investment is thus also conditioned by the development of Community integration. In order to be pursued satisfactorily, this presupposes a sufficiently advanced degree of integration for a true Community economic policy already to exist.

17. It would be rash to attempt a forecast of the probable time required for these conditions to be fulfilled. The period is

bound to be a fairly long one, but everything must be done to make it as short as possible and too much stress cannot be laid on the seriousness of the consequences which might arise from mistakes in investment decisions. The seriousness arises both from the volume of expenditure involved and the long life of transport infrastructures. The risk of making a mistake is all the greater as the factors to be allowed for in any sizeable project become, as they are now becoming, far more numerous than when the Member States had basically national economies.

These two facts — the need for a long period to elapse before scientifically valid instruments are available and the seriousness of the consequences of mistakes in investment decisions — point to one conclusion: it is no good waiting for all the conditions to be fulfilled before beginning to act. Action must be undertaken immediately, but limited at the outset to modest measures which will constitute the first steps towards the objectives which this action aims at.

IV. *Initial steps proposed*

18. The steps which the Commission suggests should be taken immediately are as follows:

a) That a committee of governmental experts be set up to assist the Commission in investigating questions of transport infrastructure investment;

b) That machinery be established for information and consultation on investment projects of Community interest;

c) That the Commission be instructed to prepare an infrastructure development programme which will constitute the transport infrastructure investment aspect of the medium-term economic policy programme referred to in the Council decision of ...;

d) That the Commission be instructed to draw up an annual report on the position regarding investment in lines of communication of Community interest.

The Commission attaches considerable importance to the committee of government experts referred to above, which must become the forum for close co-operation on terms of mutual confidence between the Commission and Member States and at the same time between Member States themselves on all matters arising from Community action in the investment sphere. The committee could thus serve as a framework for Community consultation and assist the Commission in preparing the report referred to under d).

The committee will also be responsible for assisting the Commission as regards work relating to the transport infrastructure invest-

ment aspect of the medium-term common economic policy programme.

For this purpose the Commission will provide the necessary links between the government experts committee and the Medium-term Economic Policy Committee.

19. At the same time the Commission proposes the following:

a) with the aid of the committee referred to above, to investigate the technical characteristics and standards to which Community lines of communication should conform with a view to submitting proposals on this point to the Council in due course;

b) to appoint a group of highly qualified independent experts to study theoretical and practical problems involved in implementing common rules on the choice of investments.

20. The measures thus proposed follow the general pattern which the Commission considers desirable in the field of investment, as embodied in the "Memorandum" and "Action Programme", which were drawn up in response to the Recommendations of 21 June 1960 for the development of transport infrastructure as supplemented by those of 25 July 1961.

Their implementation would make it possible to undertake systematic and rational studies in a field which remains as yet largely unexplored. It would also enable rapid progress to be made in eliminating the obstacles and lack of continuity capable of existing at the present time on the Community's internal frontiers, as well as in the harmonious development of Community links, by doing away with or avoiding the heterogeneous nature of their structural characteristics. Their implementation would also make a contribution to avoiding duplicated effort and lastly would enable Member States to take their investment decisions within a Community framework on the basis of an overall programme laid down for the Community as a whole.

21. The first steps forward to be taken within a limited period must relate to the fields covered by the decision which the Commission is now proposing to the Council. This applies to Community lines of communication by rail, road and inland waterway. The Commission considers that later on it will inevitably be necessary to deal with pipelines and then with seaports and airports.

As regards pipelines, whatever view may be taken of their position in relation to other aspects of common transport policy, there is no doubt that their development is a determining factor in the decisions to be taken

as regards infrastructure investment in other forms of transport.

It is also clear that no infrastructure investment policy can be followed without allowing for the seaports and airports to which internal lines of communication will lead and without taking account of the development prospects of these two forms of transport.

At a later stage, Community intervention should be developed gradually. The action to be carried out in the field of investment must be constantly adjusted in the light, on the one hand, of the progress achieved not only in common transport policy but also as regards general economic policy and, on the other hand, of developments in constructional techniques in lines of communication and means of transport.

22. It should be stressed that, no more than the first recommendations of 1960 and 1961, the measures thus advocated do not duplicate the action undertaken in this sphere by other international bodies, particularly the Inland Transport Committee of the Economic Commission for Europe and the European Conference of Ministers of Transport. However useful the work of these bodies may be, it is still tentative and limited whether for a given form of transport or for certain specific links. The action undertaken by the Community, on the other hand, must lie within the framework of the Rome Treaty and comply with the various provisions of this Treaty, as well as with the policies adopted in pursuance thereof. Even if the measures now proposed are still of a preliminary nature, they go appreciably further than those envisaged either by the Economic Commission for Europe or by the European Conference of Ministers of Transport.

Nevertheless it is clearly highly desirable to co-ordinate Community action with that undertaken by these two bodies.

23. As part of the action defined above, the Community must also see to the improvement of infrastructures on the lines of communication linking it to neighbouring non-member countries. It has been stated above that the more important of these must be considered as routes of Community interest. In this respect special attention must be attached to links with Switzerland and Austria owing to their position as transit countries for the Community.

24. In view of the foregoing considerations, the Commission proposes that the Council adopt the first decision regarding Community action in the sphere of transport infrastructure investment, the text of which will be found below together with a commentary on its articles.

**Proposal for a decision of the Council on Community action in the sphere
of transport infrastructure investment**

The Council of the European Economic Community,

Having regard to the provisions of the Treaty setting up the European Economic Community, and in particular Article 75 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the Economic and Social Committee;

Having regard to the opinion of the European Parliament;

Whereas the pursuit of a common transport policy implies Community action in the sphere of transport infrastructure investment;

Whereas such action must be designed to serve the aims of the common transport policy and must at the same time be linked with the Community's general economic policy;

Whereas this action must take place gradually, and whereas the initial measures which it is possible to apply must be taken forthwith;

Whereas these initial measures should aim at eliminating any obstacles and lack of continuity which may exist at present on the internal frontiers of the Community, at harmoniously developing links of Community interest and at establishing an overall programme under which Member States can henceforth take their transport infrastructure investment decisions;

Whereas for this purpose provision must be made for the following:

- i) The establishment of procedure for information and consultation on investment projects of Community interest;
- ii) The submission by the Commission at regular intervals of a report on the position regarding transport infrastructure investment in the Community and of a statement of the aims to be pursued in this field over a five-year period;
- iii) The setting up of a committee of government experts to assist the Commission in investigating questions of transport infrastructure investment.

Has adopted the following decision:

Article 1

1. Member States shall inform the Commission, before proceeding with the same, of investment projects of Community interest the object of which is the creation of new

routes or a substantial increase in the capacity of existing routes.

Information on these projects shall include the following:

- i) A technical description;
- ii) An estimate of the total expenditure;
- iii) A provisional time-table for the work;
- iv) Adequate data as to economic justification.

2. An investment project shall be deemed of Community interest within the meaning of this decision if the execution thereof is capable of having a substantial effect on any of the following:

- i) The development of transport within the Community or between the Community and non-member countries;
- ii) Trade between Member States or between the Community and non-member countries;
- iii) The harmonious development of economic activities in the Community as a whole.

The Commission shall, if it thinks fit or at the request of the Member State which gave information on the project or projects, consult with the Member States on the project or projects notified to it. It shall make known the result of such consultation to the Member States.

Article 2

1. The Commission shall submit a statement of the aims it considers desirable to pursue in the sphere of transport infrastructure investment, which statement shall constitute the investment aspect of the medium-term economic policy programme provided for in Article 2 of the Council's decision of ...

2. Before 31 March in each year, and for the first time prior to 31 March 1966, the Commission shall submit to the Council a report on the transport infrastructure investment position in the Community. It shall at the same time transmit such report to the European Parliament.

Article 3

The Commission shall appoint a committee of government experts, presided over by a representative of the Commission, to assist the latter in investigating questions of transport infrastructure investment.

Article 4

This decision is addressed to the Member States.

Commentary on the articles of the proposed decision of the Council on Community action in the sphere of transport infrastructure investment

Article 1

This article provides very flexible procedures and fairly wide definitions which reflect the Commission's realistic attitude. The field is a relatively new one with very varied and, to a certain extent unpredictable aspects, and hard-and-fast solutions must at the outset be avoided. The Commission believes that the measures here proposed are adequate for the introduction of that effective co-operation on terms of mutual confidence which is indispensable for the successful action of the Community in the sphere of transport infrastructures.

Section 1. The information procedure set up here is not subject to any time-limit or other onerous formality for Member States; their sole obligation is to notify the Commission of investment projects of Community interest before putting them into effect.

The same flexibility is to be found as regards the consultation procedure provided for in paragraph 3 of this article, where the Commission has no obligation other than to inform the Member State concerned of the result of such consultation. This avoids the difficulties which might have arisen from establishing the stage at which such projects have arrived from the legislative point of view, and from imposing upon Member States a period of suspension during which they could not begin to execute such projects.

Paragraph 2. The object of this paragraph is to define investment projects of Community interest, i.e. those subject to the information and consultation procedure.

It seemed desirable to adopt a fairly wide definition leaving an extensive power of interpretation to Member States. Experience will show whether this should be supplemented at a later stage by the adoption of more precise criteria.

Paragraph 3. The Commission may, of course, if it deems fit, add an opinion or a recommendation to the result of the Community consultation provided for here, but since this is a power already attributed to it by Article 155 of the Treaty, it did not seem necessary to state it explicitly in the text of the draft decision.

Article 2

Paragraph 1. The object of the statement provided for here is to fit investment projects into an overall programme for the develop-

ment of Community infrastructures. In this statement the Commission will indicate the progress it considers desirable in the improvement of communication networks within the Community. The statement is to be drawn up in conjunction with the medium-term economic policy programme provided for in the draft decision setting up a medium-term economic policy committee.

Paragraph 2. The report referred to here is to enable the Council and the European Parliament to be kept regularly informed of the general position in the sphere of transport infrastructure investment.

Article 3

As already pointed out in the introduction, the Commission considers that the committee of government experts, the setting-up of which is provided for in this article, will be called upon to play a decisive role in developing the Community action to be carried out in the sphere of transport infrastructure investment. It also considers that the experts who will constitute this committee should, generally speaking, be selected from amongst senior officials responsible in the relevant government departments for questions relating to transport infrastructure investment.

Nevertheless the Commission has not seen fit to lay down an arbitrary number of members of the committee. It in fact appears that the committee may be called upon to deal with very varied questions and that it would be preferable for Member States to be left to appoint the best qualified experts to deal with the questions appearing on the agenda of committee meetings.

The powers of the committee are very wide and the Commission does not think it desirable to assign to it more detailed terms of reference.

The intention of the Commission is to consult the committee on all questions arising out of action described. In the first instance, it will seek its assistance in drawing up the report and statements provided for in Article 2. In addition the Commission and the committee will jointly study problems involved in the harmonization of technical aspects of transport infrastructure. The Commission moreover considers that the

committee should be the normal framework within which the Community consultations provided for in Article 1(3) should take place. It will be sufficient for the government experts constituting the committee to be authorized for this purpose by their respective governments.

It does not appear necessary to give any other details as regards the functioning of the committee. It is desirable, at least in the initial stage, to leave a certain amount of latitude to Member States and to the Commission in order to avoid setting up machinery which will not answer the real needs.

Proposal for a Council regulation concerning quality wines produced in specified areas

(submitted by the Commission to the Council on 15 April 1964)

The Council of the European Economic Community,

Having regard to the provisions of the Treaty setting up the European Economic Community and in particular Article 43 thereof;

Having regard to Regulation No. 24 of the Council on the progressive establishment of a common organization of the market in vine products, and in particular Article 4 thereof ⁽¹⁾;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Whereas a policy of encouraging quality production in agriculture and more especially in wine-growing will help to improve market conditions and thereby expand sales;

Whereas the adoption of common rules and regulations for the production and control of quality wines produced in specified areas accords with the said policy and will contribute to the achievement of the aforementioned purposes;

Whereas quality wines produced in specified areas, while each retaining their own individuality, should be subject to a common definition;

Whereas it is necessary to amplify the nature and significance of the factors enumerated in Article 4(2) of Regulation No. 24 of the Council;

Whereas, while the traditional conditions of production must be taken into account, a common effort at harmonization needs to be made with a view to establishing stricter quality standards, especially as regards wine-making methods;

Whereas it is necessary to enumerate and define the factors by which each and any of the quality wines produced in specified areas may be described;

Whereas, pending the adoption of Community methods of testing for these factors, it will be advisable to apply the methods of analysis laid down, at the date of the entry into force of this regulation, in Appendix A of the International Convention on the Unification of the Methods of Analysis and Appraisal of Wines of 13 October 1954; and whereas, in the absence of specific provisions in that Appendix, on methods of testing for the factors in question, the traditional methods employed in each Member State should be maintained;

Whereas, to protect producers against unfair competition and consumers against confusion and fraud, the designation "quality wines produced in specified areas" should be reserved for wines satisfying Community standards;

Whereas the rules and regulations concerning quality wines produced in specified areas must safeguard the individual characteristics associated with the concept of warranty of origin ("appellation contrôlée") as well as with other conventional descriptions having undoubted commercial value;

Whereas it is essential that this regulation cover not only the production conditions of quality wines produced in specified areas but also the control and protection of these wines down to the stage of retail sale;

Whereas the implementation of some of the proposed measures will require recourse to the procedure of co-operation between Member States and the Commission within a Management Committee as provided for in Article 7 of Regulation No. 24;

Whereas, within the terms of the present regulation, it is incumbent upon Member

(1) Official gazette of the European Communities, No 30, 20 April 1962, p. 989/62.

States, each in so far as it is concerned, to take special measures concerning quality wines produced in specified areas;

Whereas it is the responsibility of the Commission not only to co-ordinate the relevant provisions of Member States but also to satisfy itself that these provisions are in accordance with the terms of Article 4 of Council Regulation No. 24;

Whereas in view of the varied conditions of production of quality sparkling wines in Member States a separate regulation will have to be made for this type of wine, it being understood that quality sparkling wines produced in specified areas shall be governed at once by the said special regulation and by the present regulation and that the present regulation shall not be applicable to quality sparkling wines or other sparkling wines lacking any indication of the area where produced;

Whereas for quality dessert wines it will be necessary to make a separate regulation supplementing in respect of quality dessert wines produced in specified areas the present regulation's general provisions;

Whereas in view of the extent and scope of the measures to be taken by Member States sufficient time must be allowed for the implementation of this regulation,

Has adopted the present regulation:

Article 1

Quality wines produced in specified areas, hereinafter designated "v.q.p.r.d." (vins de qualité produits dans des régions déterminées), shall be understood to mean wines complying with the provisions of the present regulation and with such additional regulations as may be issued in pursuance thereof.

Article 2

Specified areas shall be understood to mean characteristic areas of production demarcated in accordance with Article 3 and the names of which are used to designate the wines referred to in Article 1.

Article 3

Specified areas shall be accurately demarcated, as far as possible on a plot-by-plot basis. Demarcation shall take account of the factors which contribute to the quality of the wines produced in the areas so demarcated, including, in particular, the nature of the soil and sub-soil, climate, as well as the location of the plots or vineyards.

Article 4

A list shall be drawn up of vine stocks suitable for the production of each of the v.q.p.r.d., and this list shall include none but *vitis vinifera* stocks.

The list shall remain open for subsequent revision, but new vine stocks may be added only after prior quality tests.

Vine stocks not included in the list mentioned in the preceding paragraphs shall be removed from vineyards intended for the production of v.q.p.r.d.

Article 5

The cultural practices applied to vines for the production of v.q.p.r.d., such as the number of plants per hectare or the pruning system, shall be subject to regulations designed to ensure optimum quality in the wines produced.

These regulations shall, in particular, concern irrigation, whenever irrigation is indispensable for technical or special climatic reasons.

Article 6

1. V.q.p.r.d. can be produced only from grapes of the vine stocks included in the list provided for under Article 4, the said grapes being harvested within the specified area.

The conversion of these grapes into must, and of must into wine, shall take place within the same specified area. Provided that, subject to authorization and to adequate control, such processes may take place in a neighbouring locality.

2. Wine growers who harvest other grapes as well as those meeting the conditions required for the production of v.q.p.r.d., shall keep the said other grapes strictly separate for purposes of wine production.

Article 7

1. The specific wine production methods by which v.q.p.r.d. are obtained shall be defined separately for each of these wines.

2. Musts suitable for the production of v.q.p.r.d. may be acidified only by the addition of tartaric acid in a maximum proportion of 2 gr per litre.

V.q.p.r.d. and wines suitable for the production of v.q.p.r.d. may be acidified only by the addition of citric acid in a maximum proportion of 0,5 gr per litre.

3. It shall be prohibited —

a) to add sugar to v.q.p.r.d. or to musts or wines suitable for the production of v.q.p.r.d.;

b) to blend v.q.p.r.d., or musts or wines suitable for the production of v.q.p.r.d., with musts or wines not eligible for such designation.

4. However, should ecological conditions or technical reasons make it necessary, and subject to the detailed arrangements to be laid down in accordance with Article 14, authorization may be given —

a) to add sugar to musts or new, still fermenting, wines suitable for the production of v.q.p.r.d., provided their volume is not thereby increased by more than 8 per cent nor their alcohol content by more than 2 degrees, save that in certain specified areas, when justified by exceptional circumstances, the alcohol content may be so raised by 3 degrees;

b) to blend musts and new, still fermenting, wines suitable for the production of v.q.p.r.d. with "neutral" musts concentrated to at least 28° Baumé, which musts may originate in other areas, provided that the volume of the musts or wines so blended is not increased by more than 10 per cent nor their alcohol content by more than 2 degrees.

The wine-making practices described in paragraphs 2 and 4 of this article shall be mutually exclusive.

Article 8

1. For each v.q.p.r.d. a minimum natural alcohol content shall be established.

Natural alcohol content shall be understood to mean total acquired or potential alcohol content before fortifying.

In establishing this minimum alcohol content, reference shall be made more particularly to the alcohol observed during the preceding ten years and exclusively to vintages of satisfactory quality from the most representative vineyards of the specified area concerned.

2. Instead of establishing the minimum natural alcohol content, it shall be permissible to establish the minimum natural sugar content of the must or grape. In the case of musts, natural sugar content shall be understood to mean sugar content before enrichment.

3. The minimum natural alcohol content or the minimum natural sugar content shall be determined by the methods of analysis referred to in Article 10(2).

Article 9

1. For each of the v.q.p.r.d. a maximum yield per hectare shall be established in terms of the quantity of grapes, must or wine.

In establishing the maximum yield, reference shall be made more particularly to yields observed during the preceding ten years and exclusively to vintages of satisfactory quality from the most representative vineyards of the specified area concerned.

The prescribed maximum yield may be modified each year in the light of the quantity and the quality of the harvest.

2. Transgression of the maximum yield shall entail prohibition to use the desired denomination for the whole harvest.

However, authorization to use the denomination for the whole harvest or parts thereof may be granted under conditions laid down in accordance with the terms of Article 14.

Article 10

1. For each of the v.q.p.r.d. the characteristics and the maximum and minimum values of the factors enumerated in the annex to the present regulation shall be specified.

2. Until such time as Community methods are established —

The methods of analysis used in testing for the factors referred to in paragraph 1 shall be those laid down, at the date of adoption of this regulation, in Annex A to the International Convention on the Unification of the Methods of Analysis and Appraisal of Wines, of 13 October 1954;

In the absence of specific provision in the said annex for a method of testing for any of the factors referred to in paragraph 1, the traditional methods employed in each Member State shall remain applicable.

3. The conditions for the appraisal of characteristics and for the determination of values for the factors referred to in paragraph 1 shall be laid down in accordance with the terms of Article 14.

Article 11

1. It shall be obligatory for the designation "vin de qualité produit dans une région déterminée" to be accompanied by the name of the specified area concerned. The designation is reserved for wines complying with the provisions of the present regulation and of such additional regulations as may be issued in pursuance thereof.

2. The name of a specified area or other geographical denomination may be used to designate a wine other than v.q.p.r.d., but only provided the wine is actually produced in the area whose name it bears and provided this name or denomination alone is used. It shall be forbidden to add any other particulars, geographical or not, which might directly or indirectly imply a more precise specification of the origin or provenance, or a quality distinction, of a wine other than v.q.p.r.d.

3. A v.q.p.r.d. may not be offered for sale under any designation other than that attributed to it by the Member State where the wine is produced. Wines other than v.q.p.r.d. may not be distributed, offered for sale or sold under conditions such as might lead the consumer to mistake these wines for v.q.p.r.d.

A wine which meets the requirements of the present regulation and of such additional regulations as may be issued in pursuance thereof shall not be distributed without the designation v.q.p.r.d., except where the wine has been disqualified under conditions laid down in accordance with the terms of Article 14.

Article 12

1. Member States shall be responsible for the control and protection of v.q.p.r.d.

The quantities of wine in respect of which the designation "v.q.p.r.d." is claimed or attributed shall be reported separately when the yield and stock declarations provided for in the Commission's Regulation No. 134 are submitted.

Grapes and musts for the production of v.q.p.r.d., and wines in respect of which this designation is claimed or attributed, shall not be put on the market without an accompanying certificate.

They shall be entered by merchants and processors in ledgers of stock received and stock disposed of.

Every v.q.p.r.d. shall be accompanied by a certificate of analysis and appraisal issued by the appropriate authorities of the Member State where the wine is produced.

2. There shall be established in accordance with the terms of Article 14 —

a) exceptions to the general rule of compulsory certification as under the last sentence of paragraph 1 above;

b) the presentation and the particulars to be supplied on containers of v.q.p.r.d. and in the accompanying documents;

c) all other conditions relative to the implementation of this article.

Article 13

Supplementary provisions concerning quality dessert wines produced in specified areas and quality sparkling wines produced in specified areas shall be the subject of a separate regulation to be adopted by the Council in accordance with the procedure set forth in Article 43(2) of the Treaty.

Article 14

The conditions and detailed arrangements for implementation of Articles 7(2) second paragraph, first sentence, 9(2) second paragraph, 10(3), 11(3) and 12(2) shall be adopted in accordance with the terms of Article 7 of Council Regulation No. 24, which article shall be applicable by analogy.

Article 15

1. Producer Member States shall adopt the measures required for the implementation of Articles 3, 4, 5, 6, 7(1), 8(1 and 2), 9(1) and 10(1).

2. Producer Member States shall issue the authorizations provided for in Article 6(1) third sentence, and 11(2).

3. Member States shall issue the authorizations provided for in Articles 7(2) second paragraph, first sentence, and 9(2) second paragraph, in accordance with arrangements to be established under the terms of Article 14.

4. Member States shall take steps to adjust their laws, regulations and administrative practices so that the provisions of the present regulation can be applied as of 1 January 1967.

Article 16

1. Member States shall notify the Commission of any laws, regulations and administrative practices adopted in pursuance of the present regulation not later than one month after their adoption.

2. Member States shall notify to the Commission the names and addresses of the authorities responsible for the implementation of the present regulation both on the national level and, as the case may be, in each of the specified areas.

The Commission shall co-ordinate at Community level the activities of the authorities responsible in the Member States for the implementation of the present regulation.

The present regulation shall be binding in all its parts and directly applicable in every Member State.

ANNEX

Factors or properties determining eligibility for designation as quality wines produced in specified areas (Article 10)

- | | |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| A. <i>Properties determined by sensory tests</i> | 10. Total dry extract (determined by densimetry) |
| 1. Colour | 11. Reducing sugars |
| 2. Clarity and lees | 12. Saccharose |
| 3. Smell and taste | 13. Ash |
| B. <i>Properties determined by stability tests</i> | 14. Alkalinity of ash |
| 4. Stability on exposure to air | 15. Total acidity |
| 5. Stability on exposure to cold | 16. Volatile acidity |
| C. <i>Properties determined by microbiological tests</i> | 17. Fixed acidity |
| 6. Stability when warmed | 18. pH value |
| 7. Appearance of wine and lees | 19. Free sulphur dioxide |
| D. <i>Factors determined by physical and chemical analysis</i> | 20. Total sulphur dioxide |
| 8. Density | E. <i>Determined by supplementary tests</i> |
| 9. Alcohol content | 21. Carbonic acid (semi-sparkling and sparkling wines, at 20° C at atmospheric pressure). |

Resolution of the Council concerning quality sparkling wines and quality dessert wines

The Council of the European Economic Community,

Having regard to Article 13 of Regulation No. ... of the Council concerning quality wines produced in specified areas, which provides that supplementary provisions concerning quality dessert wines produced in specified areas and quality sparkling wines produced in specified areas shall be the subject of a separate regulation to be adopted by the Council in accordance with the

procedure set forth in Article 43(2) of the Treaty;

Has agreed to adopt, not later than 31 October 1964 and in pursuance of Article 43 of the Treaty, a regulation concerning quality sparkling wines and quality dessert wines, the said regulation to enter into force on 31 December 1966 at latest;

Requests the Commission to submit proposals for this purpose before 30 June 1964.

Measures for the establishment of a common cereals price level

(Communication by the Commission to the Council, 12 May 1964)

The Commission proposes that the Council take immediate action on the politically important points contained in the four documents annexed, as follows:

1. Common cereal prices from the marketing year 1966/67 (Annex I)
2. Compensatory measures, Community plans and harmonization of income support measures (Annex II)

3. Community financing of refunds on exports and of intervention measures (Annex III)

4. Fixing the upper and lower limits of target prices for the marketing year 1964/65 (Annex IV)

The Commission presents these documents as an integral whole.

ANNEX I

Proposal for a Council regulation concerning the unification of cereal prices in the Community from the marketing year 1966/67

The Council of the European Economic Community,

Having regard to the provisions of the Treaty setting up the European Economic Community and in particular Articles 42 and 43 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Whereas Article 6 of Regulation No. 19 ⁽¹⁾ provides for the progressive reduction of disparities in cereal prices during the transitional period by decisions to be taken each year;

Whereas only by the final establishment of the level of cereal prices in the Community can a clear picture of economic conditions be obtained with a view to the purposeful orientation of the processes of adjustment and reorganization in agriculture; and whereas prolonged uncertainty regarding the level of agricultural, and especially cereal, prices in the Common Market makes it more difficult for farm managers to take medium-term decisions and may lead to misinvestment;

Whereas it is, therefore, advisable to lay down forthwith common cereal prices for

the Community in respect of the cereals marketing year 1966/67;

Whereas it appears expedient to allow for a revision of the prices fixed for the marketing year 1966/67 so as to take account of developments between the establishment of the level of common prices and their application, with particular reference to changes in the cost of living in Member States; and whereas, in addition, account should be taken of cereal production, consumption and trade, of the situation on world cereal markets, of changes in the productivity of cereal growing and, finally, of other price-policy measures within the framework of the common agricultural policy;

Whereas the adoption of uniform cereal prices in the Community as of 1 July 1966 requires that a number of decisions be taken by the Council, on the proposal of the Commission, with a view to ensuring that a common market in cereals be fully established from that time onwards;

Whereas it is advisable to adopt a time-table for the preparation and application of a coherent sequence of measures to be taken by the Community;

Whereas it is also advisable to examine problems of transport conditions, which should be governed by appropriate provisions so as to allow of the application of a common cereals price,

(1) See official gazette of the European Communities, No. 30, 20 April 1962.

Has adopted the present regulation:

Article 1

As of the marketing year 1966/67, a basic target price shall be fixed from time to time for the Community in respect of wheat other than durum, batley, maize, rye and durum wheat.

Article 2

1. The basic target prices for the Community's main deficit area shall be fixed as follows for the marketing year 1966/67:

Wheat other than durum	106.25 u.a./1 000 kg
Rye	93.75 u.a./1 000 kg
Barley	92.50 u.a./1 000 kg
Maize	93.75 u.a./1 000 kg
Durum wheat	125.00 u.a./1 000 kg

2. *a)* Before 1 July 1965 and on the basis of a report by the Commission, the Council shall review the basic target prices set out in paragraph 1 and adjust them, if need be, in the light of developments;

b) In reviewing these prices, the Council shall pay particular attention to the effects on farm incomes of changes in the cost of living in Member States; the Council shall also take into consideration —

i) developments in grain production, consumption and trade;

ii) the situation and trends of supply and demand on the world cereals market;

iii) changes in the productivity of cereal growing;

iv) such measures as may have been taken in the framework of the common agricultural policy in respect of the prices of other farm products.

c) Should an adjustment of basic target prices prove necessary, the Council shall, on a

proposal by the Commission, take an appropriate decision by unanimous vote.

Article 3

1. The Council shall, on a proposal by the Commission and in so far as the present regulation does not provide therefor, adopt by unanimous vote —

a) Before 1 February 1965:

A regulation amending Regulation No. 19 with a view to the unification of cereal prices in the Community;

b) Before 1 July 1965:

A regulation concerning the fixing of cereal prices for the marketing year 1966/67 and the designation of marketing centres.

2. The Council shall, on a proposal by the Commission and before 1 April 1965, adopt by unanimous vote such supplementary provisions as may be necessary to give effect to the amended Regulation No. 19 in respect of —

i) the determination of the quality standards in respect of which the target and intervention prices are fixed;

ii) the premiums or discounts applied to intervention prices according to differences in quality;

iii) the criteria for the determination of refunds on exports to non-member countries.

3. The Commission shall examine problems of transport conditions, which should be governed by appropriate provisions so as to allow of the application of the common cereals price. Any proposals the Commission may deem appropriate in this connection shall be submitted to the Council before 1 July 1965.

This regulation shall be binding in all its parts and directly applicable in every Member State.

ANNEX II

Proposal for a Council regulation on compensatory measures, Community plans for the improvement of the standard of living of the agricultural population, and procedures for the harmonization of income support measures in agriculture

The Council of the European Economic Community,

Having regard to the provisions of the Treaty setting up the European Economic Community and in particular Articles 42, 43 and 209 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Whereas with a view to facilitating the establishment of the Common Market and

to enabling the Community to contribute to the balanced development of world trade, common basic target prices for cereals shall be fixed for the Community as of the marketing year 1966/67;

Whereas these common prices shall lie between the highest and the lowest target prices prevailing in Member States for the cereals marketing year 1963/64;

Whereas the establishment of a common price level will entail a loss of income for farmers in Member States where cereal prices will fall considerably, that is, in the Federal Republic of Germany, the Republic of Italy and the Grand Duchy of Luxembourg;

Whereas medium- and long-term investments made in the past by farmers in the said Member States were based upon amortization and interest calculations assuming the prices ruling until now;

Whereas farm prices in Member States have so far corresponded to certain prices for agricultural inputs, which will reach a uniform level only in the course of the gradual establishment of the Common Market during the transitional period;

Whereas such distortions of competition as still exist at present in agricultural production and trade can be removed only gradually.

Whereas the changes required in the organization of farms by the introduction of a common cereals price level in the marketing year 1966/67 will call for increased investment;

Whereas the income situation of independent farmers and the members of their family cannot be assessed solely in terms of prices without reference to the social benefits applicable in the Member State concerned;

Whereas the European Parliament, in its resolution of 28 March 1963, stresses that "if the future price level should curtail the income of certain farmers, these farmers should be assured of an adequate income thanks to the general effects of the common agricultural policy and in particular by means of Community aid at regional level";

Whereas in order to ensure, in these circumstances, a harmonious development of economic activities within the Community as well as a fair standard of living for the agricultural community in accordance with Article 2 and Article 39(1 b) of the Treaty, the Federal Republic of Germany, the Republic of Italy and the Grand Duchy of Luxembourg must be able to make good, by compensatory measures during the transitional period, losses of farm income due to the fall of cereal prices in the marketing year 1966/67, and whereas these compensatory measures may,

inter alia, take the form of direct payments to the farmers affected;

Whereas in calculating farm income losses due to the reduction of cereal prices in the marketing year 1966/67 the following factors have to be taken into account:

a) The average quantities of cereals, pigs, eggs and poultry sold over several marketing years;

b) The amount by which average producer prices for the kinds of cereals subjects to the price reduction fall below the 1962/63 levels;

c) The extent to which average producer prices for pigs, eggs and poultry are likely to fall in the Federal Republic of Germany as a result of the unification of feed-grain prices within the Community;

d) The additional expenditure which farmers in Italy and Luxembourg will have to incur as a result of higher prices for the feed-grains they need to buy;

e) The partial compensation of this loss of income which will occur in Italy as a result of a rise in the selling price of feed-grains, certain types of meat, and eggs, and in the Federal Republic of Germany by reason of the savings effected as farmers purchase their feed-grains more cheaply;

Whereas by this reckoning the loss of income to be made good annually during the transitional period amounts to 140 million units of account in the Republic of Italy and 0.9 million units of account in the Grand Duchy of Luxembourg;

Whereas direct payments should not delay the necessary adjustments and specialization and should not, therefore, be tied to particular products, and should, furthermore, facilitate progress in agriculture and contribute to the solution of long-term problems; hence farmers should have the option of compounding for a lump sum in order to rationalize and reorganize their farms or, should they decide to leave the land, to set up in business in some other sector;

Whereas direct payments must be discontinued by the end of the transitional period, since by that date the price alignment should in any event be completed and all discrimination between producers within the Community must disappear;

Whereas two years will pass between the moment when the common cereal prices are fixed and when they are to be applied, and farmers will therefore have time to adapt themselves to the new price relationships; and whereas in these circumstances the phasing out of direct payments can begin in 1967;

Whereas the compensatory measures are to make good such income losses of farmers as are due to the unification of cereal prices in 1966/67, which will serve to strengthen the Community internally and to reinforce its international negotiating position; whereas, the Community should therefore make a financial contribution towards the cost of these measures from its budget; whereas, furthermore, it is fitting that the Community should so finance the whole of the income loss in 1966, while from 1967 onwards it will be expedient to reduce the amounts to be furnished by the Community from its budget in so far as the first Community plan to improve the standard of living of the agricultural population provides for similar measures to be financed by the Community at least to the extent of the amount of such reduction;

Whereas incomes and living standards in wide sectors of agriculture in the Community are at present inadequate in comparison with conditions in other branches, and developments now taking place will not expeditiously remedy this disparity unless they are stimulated by a series of practical measures; and whereas it is therefore necessary to proceed at once to the formulation of Community plans to improve the standard of living of the agricultural population, the first of which will become effective in 1966;

Whereas these Community plans are highly important for the realization of the objectives of the common agricultural policy and it is therefore fitting that the Community should contribute from its budget to the financing thereof;

Whereas, in order to avoid a set-back to the incomes of farmers in the Federal Republic of Germany, the Republic of Italy and the Grand Duchy of Luxembourg, the second Community plan should offer assurances regarding agricultural employment and living standards in the Member States;

Whereas the adoption of uniform cereal prices in the Community as of 1 July 1966 requires that a number of decisions be taken by the Council, on the proposal of the Commission, with a view to ensuring that a common market in cereals be fully established from that time onwards;

Whereas for this purpose provisions must be made regarding the compensatory measures to be applied by Member States, and the first Community plan must be drawn up;

Whereas it is advisable to adopt a time-table for the preparation and application of a

coherent sequence of measures to be taken by the Community;

Whereas at present Member States still employ very different methods of direct or indirect income support for persons engaged in agriculture;

Whereas to eliminate discrimination among procedures, it will become politically and economically necessary to harmonize existing income support measures for agriculture as and when common prices are introduced for important agricultural products; whereas the Community must find a solution to this problem by the end of the transitional period; and whereas, however, the form and extent of farm support measures in the different Member States are not at present sufficiently known;

Whereas it is therefore necessary to draw up an inventory of such measures in Member States; and these measures should gradually be brought into line with Community norms designed in particular to achieve a lasting improvement in farm incomes,

Has adopted the present regulation:

Article 1

1. Losses of farm income in the Federal Republic of Germany, the Republic of Italy and the Grand Duchy of Luxembourg as a result of the basic target prices for the years 1966-69 fixed by Council Regulation No. ... shall be made good by compensatory measures.

The said losses have been computed at 140 million units of account in the Federal Republic of Germany, 65 million units of account in the Republic of Italy and 0.9 million units of account in the Grand Duchy of Luxembourg.

2. The compensatory measures may, *inter alia*, take the form of direct payments to farmers whose income is reduced as a result of the establishment of a single target price for cereals by virtue of the present regulation. Direct payments shall not be tied either to the prices ruling or the quantities produced after 31 December 1963 of one or more agricultural products.

3. Without prejudice to such supplementary regulations as may be issued in pursuance of Article 3(1) of the present regulation and to the compounding of direct payments to be provided for therein, direct payments shall not exceed

a) in the year 1966

140 million u.a. for the Federal Republic of Germany

65 million u.a. for the Republic of Italy

0.9 million u.a. for the Grand Duchy of Luxembourg;

b) in the year 1967 nine tenths

in the year 1968 four fifths

in the year 1969 two thirds

of the amounts set forth under a).

4. The Community shall contribute to the financing of the compensatory measures up to the amounts indicated in paragraph 3.

The Community's total contribution to the financing of the compensatory measures shall therefore be:

471.40 million u.a. for the Federal Republic of Germany;

218.85 million u.a. for the Republic of Italy;

3.03 million u.a. for the Grand Duchy of Luxembourg.

Article 2

1. a) The Council, acting by the procedure laid down in Article 43 of the Treaty, shall draw up, for four years at a time and not later than 6 months prior to the beginning of each four-year period, a non-discriminatory Community plan to improve the standard of living of the agricultural population, hereinafter called "Community plan".

b) The first Community plan, covering the period from 1 January 1966 to 31 December 1969 shall be drawn up before 1 July 1965.

In drawing up subsequent Community plans, the Council shall in each case take into consideration a report, to be submitted by the Commission, on the effects of the current Community plan on the standard of living of the agricultural population.

c) The Community plans shall be put into effect by the Member States.

2. The Community shall contribute to the financing of measures taken by Member States in giving effect to the Community plans.

3. a) The Community's contribution in respect of measures taken under the first Community plan by the Federal Republic of Germany, the Republic of Italy and the Grand Duchy of Luxembourg shall be at least as large as the reduction of the Community's contribution to compensatory

measures under the terms of Article 1(4), first sentence.

b) The measures taken under the Community plan for the period 1970-73 shall, due allowance being made for any reorganization or specialization of farms, provide in the Federal Republic of Germany, the Republic of Italy and the Grand Duchy of Luxembourg guarantees regarding employment and living standards equivalent to the guarantees provided in the year 1969 by the compensatory measures referred to in Article 1(1).

Article 3

1. The Council shall, on a proposal of the Commission and in so far as the present regulation does not provide therefor, adopt by unanimous vote before 1 February 1965 a regulation concerning compensatory measures and Community plans to improve the standard of living of the agricultural population.

2. The Commission shall:

a) After consultation with Member States, draw up an inventory of the income support measures applied in Member States for the benefit of persons engaged in agriculture and submit this inventory to the Council before 1 September 1965. This inventory shall cover, in particular —

i) measures of agricultural price policy;

ii) direct subsidies to agricultural products and agricultural inputs;

iii) grants to improve conditions for the marketing and processing of agricultural products;

iv) grants-in-aid to social security schemes for farmers and their families;

b) Submit to the Council, before 1 July 1966, a plan to bring income support measures in Member States into line with Community norms.

As regards the form which Member States may give to such income support measures, the following principles should be followed:

i) such measures shall not be tied to the price of an agricultural product nor to the quantities produced or sold;

ii) such measures shall, as far as possible, promote a lasting improvement of the income situation in agriculture, especially by encouraging farmers to hand over their holdings to the younger generation or to retrain for non-agricultural occupations.

This regulation shall be binding in all its parts and directly applicable in every Member State.

ANNEX III

The Commission maintains its proposal for a regulation submitted to the Council on 22 November 1963, concerning amendments to Article 5(1) of Regulation No. 25 on the Financing of the Common Agricultural

Policy, subject to appropriate changes of dates as the introduction of the common cereals price is now proposed for the marketing year 1966/67.

ANNEX IV

Proposal for Council Regulation No. ... of ... on cereal prices for the marketing year 1964/65

The Council of the European Economic Community,

Having regard to the Treaty setting up the European Economic Community;

Having regard to Regulation No. 19 on the Gradual Establishment of a Common Organization of the Market in Cereals ⁽¹⁾ and in particular Article 6 thereof;

Having regard to the proposal of the Commission;

Whereas Article 6 (4) of Regulation No. 19 provides that disparities between target prices fixed by Member States shall be progressively reduced so as to attain a common target price for each kind of cereal by the end of the transitional period;

Whereas, on the other hand, there are compelling reasons for fixing the common target prices for each kind of cereal forthwith, such price to be applicable for the marketing year 1966/67;

Whereas Member States can make the adjustment to the common price in a single opera-

tion and it seems advisable, therefore, to confine the adjustment to be effected in the marketing year 1964/65 to a slight increase in the lower limits of the target prices;

Whereas non-renewal of the exceptional arrangements conceded to Italy during the past two marketing years already entails a considerable rise of barley prices in that country and it would, therefore, not seem advisable to raise the lower limit of the target price for barley;

Whereas the provisions adopted in regard to quality standards during the past marketing year may be retained for the marketing year 1964/65,

Has adopted the present regulation:

Article 1

For the marketing year 1964/65 Member States shall fix their target prices for wheat and barley, and, if they are major producers of maize and rye, also target prices for the same, in such manner that at the beginning of the marketing year the target price applicable in the marketing centre of the main deficit area does not exceed the upper limit indicated in the table below, and that the target price applicable in the marketing centre of the main surplus area does not fall below the lower limit indicated in the said table.

(1) See official gazette of the European Communities, No. 30, 20 April 1962, p. 933/62.

In national currency per ton

	DM	FF	Lit.	Bfrs/Lfrs	Fl.
<i>Wheat other than durum</i>					
Upper limit	475.69	587.13	74 327	5 946.1	430.50
Lower limit	368.80	455.20	57 626	4 610.0	333.77
<i>Barley</i>					
Upper limit	412.26	508.84	64 416	5 153.3	373.10
Lower limit	288.68	356.31	45 106	3 608.5	261.26
<i>Rye</i>					
Upper limit	432.69	534.05	67 608	5 408.6	391.58
Lower limit	290.05	358.00	45 321	3 625.7	262.50
<i>Maize</i>					
Lower limit	273.66	337.80	42 760	3 420.8	247.58

Article 2

1. For the marketing year 1964/65 Member States other than the Federal Republic of Germany shall fix the target prices and intervention prices for wheat other than durum, barley and, as the case may be, rye and maize with reference to the quality standards which, at the time when this regulation enters into force, are applicable by virtue of Articles 1, 2, 3 and 5 of Commission Regulation No. 61 ⁽¹⁾ laying down standards of quality for cereals together with coefficients of equivalence between those standards and the standards of quality fixed for national target prices.

2. For the cereals marketing year 1964/65 the Federal Republic of Germany shall fix target and intervention prices as follows:

a) For wheat other than durum —

i) of a standard of quality corresponding to the definitions ruling, at the time when the present regulation enters into force, by virtue of Article 1(a, b, d) of Regulation No. 61;

ii) containing not more than 7% of matter other than basic cereal of perfect quality;

b) For rye —

i) of a standard of quality corresponding to the definitions ruling, at the time when the present regulation enters into force, by virtue of Article 2(a, b) of Regulation No. 61;

ii) containing not more than 8% of matter other than basic cereal of perfect quality;

iii) having a specific weight at least corresponding to the specific weight required, at the time when the present regulation enters into force, by virtue of Article 2(d) of Regulation No. 61;

c) For barley —

i) of a standard of quality corresponding to the definitions ruling, at the time when the present regulation enters into force, by virtue of Article 3(a, b) of Regulation No. 61;

ii) having a specific weight of at least 62.5 kg per hectolitre.

Article 3

This regulation shall enter into force on the day following its publication in the official gazette of the European Communities.

This regulation shall be binding in all its parts and directly applicable in every Member State.

(1) See official gazette of the European Communities, No. 59, 13 July 1962, p. 1671/62.