

EDITORIAL COMMENTS

The Seventh General Report of the Commission of the E.E.C. on the activities of the Community over the last year has now appeared. It is an impressive document, and demonstrates the will of the Community institutions to see the Common Market established as rapidly as possible.

The Report describes the progress in internal matters which has been achieved by virtue of new regulations. It also draws attention to the new problems raised by this advance which require further decisions of the Commission and the Council.

Pride of place is given to the new regulations, particularly those on agriculture which were arrived at so dramatically in December 1963, relating to dairy produce, beef and rice. These regulations have brought roughly 85 per cent of the total agricultural production in the Community under the regime of the Community system. Further progress has been achieved by the new regulation on the free movement of workers which entered into force on May 1, 1964. The accelerated implementation of the abolition of restrictions in the trade between member States must be mentioned in this respect as well. On July 1, 1963, the customs duties between the member States on industrial products were reduced to 40 per cent of the duty as applied on January 1, 1957, and on agricultural products to 55 per cent. The second important step towards the common external tariff was taken on July 1, 1963 (the first step was taken on January 1, 1961). As far as industrial products are concerned this process has progressed two and a half years ahead of the time-schedule of the Treaty. These measures demonstrate that the powers of the European Commission increase as the implementation of the customs union progresses. The adaptation to the common external tariff has significantly increased the recourse of the member States to requests for tariff-quotas in 1962, to such extent that the European Parliament pressed the Commission on the occasion of the debate on the Sixth General Report to reduce the granting of tariff-quotas. In the Report under discussion the Commission announces that it has been able to a large extent to accede to this wish of the European Parliament, thanks to the self-restraint of the member States. This development may well lead to the acceptance by the member States of the suggestion of the president of the Commission, Professor Hallstein, to complete the establishment of the customs union by January 1, 1966.

Of equal importance to the progress of this Community legislation is the emergence of new problems which demand attention. In this respect the Seventh General Report not only renders an account but also contains a broad programme. One can here mention the state-

ments in the Report relating to the field of competition, on the harmonization of national tax legislation, the contracting of public works, industrial property, the mutual recognition and enforcement of judicial decisions, the law of bankruptcy and of company law. In the area of economic policy particular significance attaches to the recommendation which the Commission has proposed to the Council on July 25, 1963 concerning the economic policy of the Community on medium long term development. This proposal has been submitted by the Council to the European Parliament and to the Economic and Social Committee. Both organs agreed on this proposal in January 1964. Inflationary development in 1963 has underlined the need for re-inforcement of the co-operation between member States in the area of monetary and financial policy. According to the Commission this co-ordination is not only required on grounds of economic trends: "In view of the gradual disappearance of economic frontiers the economic and monetary situation of each of the member States separately is more and more influenced by the situation in other countries of the Community and by the measures which are taken by these countries in the economic, monetary and financial field." From an institutional viewpoint this re-inforcement is to be promoted by periodical meetings of the Finance Ministers, expansion of the activities of the Monetary Committee and regular meetings of the new Committee on the policy relating to economic trends. The Commission also recommended the establishment of a Committee of the presidents of the Central Banks of the member States. Their duty is to follow the monetary development in the Community as closely as possible and to consult with each other before any national policy in the field of credits, financial and currency markets is changed. A Committee on Budgetary policy consisting of representatives of the Commission and high officials of the Finance Ministries is to study and compare the main lines of the budgetary policy of the member States in order to determine the influence of the budgetary policy on the internal liquidity and the monetary situation. The Council has enacted these recommendations in its session of April 13-15, 1964.¹

The new problems indicate not only an expansion of the activities of the Community but also the need for strengthening of the institutions of the Community. In this connection the Seventh Report describes the plans for the fusion of the executives and the progress made in 1963-1964. The Permanent Representatives have worked out proposals which were subjected by the Council to a first examination on February 24 and 25, 1964. Decisions, however, have not yet been taken.

1. *Official Gazette*, 1029/64.

The important problem of the expansion of the powers of the European Parliament and the activities which took place in this respect in the past year are also discussed in the Report. The Commission recalls that it wishes this expansion and that it sees this as an instrument to strengthen the democratic structure of the Community institutions. In the meantime it is hard to predict when the Council will come to final decisions on these important points.

As opposed to the increased activities in the internal field of the Community, there is only slight progress to be noticed in the area of the foreign relations. It is true that the association agreement with Turkey was concluded at this last year. Also the new association agreement signed in Yaoundé with the former associated and at present independent African countries has entered into force. Nevertheless the Commission rightly states that it has tried in vain to convince the member States to take decisions which would have enabled them to take up a co-ordinated position during the United Nations Conference on Trade and Development.

During the compilation of this chronicle the news was received of the termination of the first stage of this conference. Agreement has been reached in finding a formula whereby the work of this conference can be continued in the future. On some significant points fundamental decisions have been taken, such as the problem of the compensatory financing to promote higher returns for the exports of developing countries to the markets of the industrialized world. One can still regret that the Community was not able, by a common attitude, to provide a contribution to the solution of a number of essential questions concerning international trade. During the coming years these questions will be stressed more and more. In another important area of external policy, the progress of the negotiations in the Kennedy Round, no significant results have yet been achieved. On the contrary, the circumstance that no unanimity could be reached within the Community on the determination of a common price-level for cereals—the most important product of the Common Market agricultural organisation—may well cause a further damaging delay in the process of formulating decisions.

Finally we do not forget the declaration issued by the Action Committee for the United States of Europe in its conference in Bonn in the beginning of June of this year. This Action Committee is one of the few institutions in which political and social organisations of the member States have co-operated for nine years in order to promote the realization of the objectives of the European Community and to pave the road towards the United States of Europe. President of the Committee is Jean Monnet, the former head of the European Coal

and Steel Community and the spiritual father of the Schuman-Plan. The Committee consists of the leaders of the democratic political parties in the national parliaments and the leaders of the principal trade-unions in the member States. The subjects on which the Committee expresses its opinion always concern topical questions of European affairs. It is therefore significant that, on the one hand, the declaration of Bonn pays specific attention to the question of the democratisation of the Communities, and, on the other hand, to questions which concern the relationship to the United States in the economic as well as in the political and military field. The member States of the European Community do not all follow the same line in their relation to the United States. The experiences of 1963 clearly demonstrate that France seeks other means to realise the objectives of Western co-operation than do the other member States. This certainly creates tensions in a Community which is rapidly expanding of the area of its activities. The Action Committee in its declaration tries to subsume these differences in a strong Atlantic partnership.

To those who occupy themselves with the legal development of the European Community it is not clear how this tension can be removed by measures to be taken within the Communities. The thoughts on a political union cannot be realized as long as in the major areas of foreign policy a clear divergence of opinion exists between the member States. Within a solid Atlantic inter-relationship, however, this cause of difficulties within the European Community can be abrogated. It is in view of this that the declaration of the Action Committee concerning the Atlantic partnership is also of great importance for the internal development of the European Community.