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## **Political and institutional aspects of the European Economic Association**

### **Report<sup>1</sup>**

Committee on Political Affairs and Democracy

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1. 1958 - 10th Session - Second part



## **A. Draft Recommendation**

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1. The Assembly,
2. Having resolved to do all in its power, both directly and through the action of its members in the parliaments of Member States, to press for the conclusion of the Convention for a European Economic Association as rapidly as possible ;
3. Reaffirming its belief that none of the technical problems involved are insoluble;
4. Believing that, as a parliamentary body, the Assembly is particularly competent to suggest to Governments the principles which should govern the institutional clauses of the Convention,
5. Recommends to the Committee of Ministers:
  - a. that it should approve the points made in Section B below; and
  - b. should convey this text, with its endorsement, to the Council of Ministers of O. E. E. C, requesting that it be examined in-the Intergovernmental Committee on the Free Trade Area.

*B*

6. The Assembly:
7. Reaffirms its willingness to give whatever political support may be required in furtherance of the efforts to set up a European Economic Association;
8. Believes that the Assembly should have the opportunity of giving its opinion on the institutional clauses of the Convention, particularly those relating to the Assembly of the Association, before the Convention is signed. These clauses should be in accordance with the following principles:
  - a. the voting procedures provided for the ministerial organ disposing of ultimate powers of decision should not enable a minority of Members coming to sign the Convention subsequently to slow down its implementation indefinitely;
  - b. the powers of the executive body of the Association should guarantee to it sufficient independence to discharge its duties quite impartially;
  - c. a parliamentary Assembly should be provided for the Association, which should be the Consultative Assembly of the Council of Europe;
  - d. this Assembly should have a right of scrutiny enabling it to co-operate constructively with the executive body; the power of passing a motion of disapproval on the work of this body must also be envisaged;
  - e. Member States of the Association which are not already Members of the Council of Europe may have delegations in that Assembly on the same terms as other Members, subject to the agreement of the Assembly itself.

**B. Draft Resolution**

1. The Assembly,
2. Having examined the present position of the negotiations for the setting up of a European Economic Association;
3. Having noted with satisfaction the Resolution on this subject adopted by the European Parliamentary Assembly on 27th June 1958,
4. Appeals, at a time when only two months remain before the first steps are taken in the European Economic Community concerning customs tariffs and quotas, to the Parliaments and Governments of Member States to realise that further delay in, or breakdown of, the negotiations now proceeding will have grave consequences both for the economic progress of Europe and for its growing political unity; and
5. Records the undertaking by each Representative in the Assembly having voted for this Resolution to support it in the most appropriate manner in his national Parliament, as soon as conveniently possible, in order that the public, Parliaments and Governments of Europe are made aware of their determination, as European parliamentarians, to do all in their power to hasten the conclusion of a Convention for the Association.

**C. Draft Order**

1. The Assembly
2. Requests the Bureau to name a delegation of members of the Assembly with instructions to present directly to the OEEC Intergovernmental Committee now negotiating the creation of a European Economic Association their views on the Association and especially its institutional aspects.

## D. Explanatory Memorandum

### 1. Developments since April

1. When the Assembly last met in April this year the outlook for what had been called until then the " Free Trade Area " was black. On the one hand, agreement had not yet been reached on particular issues such as the problem of origin and deflection of trade, harmonisation of social charges, agriculture and institutions. On the other hand, there were in some quarters serious doubts about the proposal for a free trade area at all. France seemed to feel that she could not cope with the additional competition which the setting up of the Free Trade Area would create for her, faced as she was already with competition from her fellow-members of the European Economic Community. And Britain (and one or two other countries) felt that the terms on which France might agree to some extension of the European Economic Community would be so far removed from a real free trade area and the kind of economic relationship originally envisaged that no worth-while agreement might, after all, be possible.

2. It was against this background that the Assembly adopted Recommendation 160 on the Free Trade Area, which can be summed up as having:

- a. rejected the view that the technical problems involved in setting up the Area were insoluble; and
- b. stressed, with all the weight of the parliamentarians of the fifteen Member States behind it, the urgent need, political and economic, for bringing these negotiations to a successful conclusion.

3. The Recommendation also took account of the fact that the negotiations at a technical level, and the process of ratification of the Convention might not be completed by the end of the year. In order to ensure that the necessary measures on tariffs and quotas were synchronised and harmonised with corresponding measures taken by the European Economic Community from 1st January 1959 onwards, it supported a proposal for an outline treaty linking all other Members of O. E. E. C. with the European Economic Community on a multilateral basis. This would make certain that between 1st January 1959 and the implementation of a Free Trade Area Convention no distortions occurred in the structure of the European economy.

4. Thus, when the Assembly rose at the beginning of May, it looked to the resumption of negotiations in the Intergovernmental Committee with real hope that the back of the problem would be broken in the summer.

5. These negotiations could not, however, be continued, partly as a result of the French political crisis, which began in May, and partly as a result of elections and changes of Government in some member countries at this time. The negotiations were not therefore resumed until the meetings of the Council of Ministers of the Six and of the Maudling Committee in July (see para. 8 below).

6. The pressure of European parliamentary opinion in favour of setting up a free trade area as rapidly as possible continued during this period. If further proof were needed of the unity of all parliaments on this subject, it was surely provided by the Resolution adopted by the European Parliamentary Assembly on 27th June 1958<sup>2</sup> and the press communique issued by this Committee after its meeting on 10th/ 11th July 1958<sup>3</sup> in Paris. This communique, representing the opinions not only of the Six but also of the parliamentarians of the Nine, repeated the demand for a final and affirmative political decision on the Free Trade Area and broadly endorsed the same view as expressed by the European Parliamentary Assembly, including the proposal for the conclusion of a provisional agreement, if necessary.

7. By the middle of July, therefore, the position was that European parliamentary opinion was united on the urgent need for completing the Free Trade Area negotiations, even though a small core of disagreement remained, primarily on the British and French sides.

### 2. The July meetings

8. There followed the meeting of the Council of the Six on 23rd July and of the OEEC Intergovernmental Committee under Mr. Maudling's chairmanship on 24th and 25th July 1958. In these meetings the position of Governments reflected very largely that of parliamentary opinion as I have described it.

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2. See Appendix I.  
3. See Appendix II.

9. On the one hand, sufficient progress appears to have been achieved in these meetings to justify real hopes that an important step forward in the direction of the Free Trade Area will be taken in October, thus indicating the basically positive attitude of all Governments towards the scheme, including the French. Mr. Maudling was able to say in his press conference at the end of his Committee's meeting: " It has been a very successful meeting—and it is important in that connection to refer not only to our own meeting. The meeting of the representatives of the Six... contributed a great deal to our deliberations the last two days... The position now is much clearer and much more hopeful than it was a few days ago, and I am quite certain that there is a general and clear desire to drive these negotiations through to a speedy conclusion as quickly as possible." On the other hand, the small hard core of disagreement which persisted at governmental level prevented the Committee from reaching the final positive conclusion which it now expects to reach in October.

### **3. What can the Assembly do?**

#### ***3.1. Renewal of the Assembly's political message***

10. What can we do at this stage? I would like to suggest that there are two things. We can, first, invite the Assembly to vote unanimously in favour of a Resolution insisting once more on the vital political importance of this project. I realise that we have made this point at every session at which the Assembly has discussed the Free Trade Area, and I realise, too, that we are largely preaching to the converted. Yes, even in reiterating this point to Governments we are preaching to the converted. Nevertheless, we are justified in hammering home again and again a truth as important as this, especially when there remain, as I have said, those areas of opinion in Europe where the continuing appeal of parliamentarians of all our countries can help to break down the prejudices or misconceptions about the Free Trade Area scheme that still linger. In the draft Resolution attached to this paper, therefore, your Political Committee has tried to put this renewed appeal to European public opinion as concisely and effectively as possible.

#### ***3.2. Action in national Parliaments***

11. There is something else that we can do to drive the point home. The Assembly has an effective and valuable Working Party on Relations with National Parliaments. It is the responsibility of this Working Party to pass on, through the most effective channels, those texts of the Consultative Assembly which can usefully be promoted in national Parliaments. Perhaps with their help we could stage a real parliamentary demonstration in favour of the Free Trade Area. If each and every member of the Consultative Assembly will get up in his national Parliament and say just a few words in support of the draft Recommendation your Committee is submitting to the Assembly, and emphasise that this view is a united view of Parliaments throughout Europe, which are agreed that the Free Trade Area must be established and that the necessary concessions by national sectional interests must be made—then we shall have done our duty. A draft Resolution in this sense has been agreed by your Committee and is attached to this Report.

#### ***3.3. A change of name***

12. I should like next to comment briefly on the name of the Free Trade Area. What's in a name? In this case perhaps something not far short of the political future of Europe. From the point of view of those who, like the French, live in an economy characterised for so many decades by protectionism, the term " Free Trade Area " evokes the idea of the overthrow of their present economic structure and the substitution of a system in which they will face the painful difficulties of fresh economic competition over and above that which they already face in implementing the Rome Treaty. And, for all the members of the Six, a term which describes a mere commercial system, containing nothing of the political convictions and hopes that are to be found in the word " Community ", is stale and unpalatable. That a change of name is needed is agreed, indeed, by Mr. Maudling himself. He has on more than one occasion said that a new name would be desirable. When he answered Mr. Woodburn in the House of Commons on 30th July, I myself, as a member of the European Parliamentary Assembly as well as of the Consultative Assembly, regretted that Mr. Maudling missed an opportunity to acknowledge the suggestion made by the Assembly of the Six. They suggested, as we know, the name " European Economic Association ". Since this Committee itself has endorsed that idea, it is the title which I have given to this Report, and it is one which the Committee has agreed to use in future in all our official pronouncements on the subject.

13. So much for the several political points which I would like to make. The various technical economic problems arising out of the creation of the Association have been dealt with very fully in the succession of reports put forward on behalf of our colleagues in the Economic Committee by Mr. Hay. And there have also been the reports submitted by Lord Lansdowne on behalf of the Social Committee and by M. Charpentier on

behalf of the Committee on Agriculture. It is not the responsibility of this Committee to examine these questions in detail, and it is now generally agreed that none of these particular issues is of itself an insurmountable obstacle to further progress. In so far as further work needs to be done on them, this appears to have been taken well in hand by the OEEC experts working under the instructions which their Governments have provided through the Maudling Committee. I do not therefore propose to make any special mention of them here, especially in view of the fact that no details have been published of the latest efforts made—in particular regarding the detailed memorandum of the Six of May 1958.

#### **4. Institutions**

14. But one immense problem remains to be accounted for in the Convention setting up the Association, once the basic political decision has been taken to create it. I refer to institutions.

15. A preliminary question which arises is that of their location. The Assembly has always considered that it was absolutely essential that all European organisations should in principle be concentrated in one place. There is therefore the problem of ensuring that the institutions of the Association and O. E. E. C, as well as those of the European Economic Community, are all together. But we do not feel that it is for us already at this stage to find a solution; this can be done at a later stage.

16. There are two ways of tackling the other institutional problems. The first would be to try to produce draft articles on institutions which would set down in black and white the bodies which, in theory, would be needed to operate the Association, the powers they would have, and the various procedures to be adopted in exercising those powers. I do not think this approach is the most helpful. In the first place, the bodies which will be needed depend on the basic provisions of the Association itself, and these we cannot know in detail at present. We know, of course, that provision must be made, for example, for arbitration in disputes between members of the Association. But whether this is effected through a court of justice, as in the European Economic Community, or by other machinery—for example similar to the Tribunal set up by O. E. E. C. for security control in the field of atomic energy—is not, at this stage, so important. We know also that investment assistance will be needed for members of the Association who need to catch up in industrial development. Here again, whether a development bank is set up to administer this assistance, or whether, adapted appropriately, OEEC machinery is used, is at this stage a subsidiary matter; the important thing is that adequate assistance is provided—the machinery for providing it we can leave at this stage to governmental experts.

17. I do not suggest that our Committee should propose to the Assembly that it give the Governments *carte blanche* to write out all the provisions relating to these points without further reference to us. I think we should be consulted on these matters at the appropriate stage, and a specific request is therefore made in the draft Recommendation that the Assembly be consulted on the institutional clauses of the convention before they are finally adopted by Governments.

18. But, if we cannot spell out each individual institutional clause of the convention, it is our duty as political representatives of the nations concerned to lay down the main principles which we think must govern those clauses, the consultation process mentioned above ensuring that as an Assembly we are able to check later that the principles have been fully applied in practice. The following paragraphs try to suggest what I hope the majority of us will agree should be those principles.

19. I should like to add one other preliminary remark. It seems to me logical to make provision for the institutions of the European Economic Community to take part in the institutions of the Association. On the model of the Treaty of Association between the United Kingdom and the E. C. S. C. one might envisage a Council of Association, on which would sit the members of the Council of the E. E. C, the European Commission, and representatives of Governments of the other Member States. The same membership could be envisaged at other levels. However, since it seems that the European Commission has reserved its position in the matter, it would be premature to go into further detail on the structure outlined.

#### **5. The Council of Ministers**

20. I have indicated why we need not specify in detail at present what exact form a Council at ministerial level, as the body responsible for overall policy, should take. What is crucial is that, once the decision has been taken to set up the Association, guarantees should be provided through the clauses of the convention relating to the operation of the Council of Ministers disposing of ultimate powers of decision, whereby the creation of the Association cannot under any circumstances be subsequently abandoned, and whereby the procedures for passing from one stage of implementation to another cannot be used by a small minority of

members to slow down the establishment of the Association indefinitely. These guarantees will be provided if the clauses of the convention governing the passage from one stage of the transition period to another stipulate that a unanimous vote in the Council of Ministers must, after a certain time (e.g., at the end of the sixth year) give way to voting by a specified majority. From the Assembly's point of view this will ensure that national sectional interests are not allowed to block indefinitely the final setting up of the Association and that the Council of Ministers can begin its work in the assurance that nothing thereafter can form an insuperable obstacle to their work.

## 6. The Executive

21. The next question is that of the executive body of the Association. Whether this should be an adaptation of the existing structure of O. E. E. C. or not, it is not necessary to specify here. The fundamental question for us is: what powers should the executive have? There may be differing views on the amount of independent power which should be given to it, though most would agree that nothing like the composition and operation of the mechanism of Permanent Representatives of Governments to the O. E. E. C. would be appropriate. The executive must be provided with some real power. The difficulty here, as I mentioned earlier, is describing the amount of independent power to be given to the executive without writing out all the clauses which must relate to it in the Convention. It would be unrealistic at this time to think of adopting the institutional structure of the E. E. C. in this regard, but may we not hope that an executive will be set up in the spirit of the Managing Board of the E. P. U. or of the European Nuclear Energy Agency but enjoying a degree of independence sufficient to cater for its special responsibilities ?

22. This formulation may seem to some to be too vague, but it indicates a principle which I am sure we all wish to see established—the principle of an executive which can do the spade-work of bringing the Association into being without constant interference from sectional interests exerting pressure through national representation. And, since the exact way in which the principle will be applied can, if the draft Recommendation I attach to this Report is accepted, be checked later by the Assembly, then Representatives need have no fear that we are inviting Governments without further ado to set up some supranational authority over which neither parliamentarians nor national Governments have adequate control.

23. I would like to add one further comment on the general problem of how far independent powers should be allowed to the executive. In some controversies concerning executive bodies like the High Authority of the E. C. S. C, it has been suggested that experience of the working of O. E. E. C, a purely intergovernmental body where unanimity is the formal rule, has shown that this complete retention by national Governments of their own individual rights has not in practice led to a stifling of progress, as might have been feared. I agree. I think that we must pay tribute to the successes of O. E. E. C.'s functioning in this way. But I think it should be remembered that there may be in this demonstration of the purely pragmatic and empirical method as much mystique as that for which the more enthusiastic supporters of supranational bodies have been criticised. I would therefore hope that we can avoid being drawn into two rival factions—and realise that both what I would call the OEEC method and the High Authority method have each had a measure of success. In fact we need not (and should not) discount the possibility of a new pragmatic approach somewhere between these two methods.

## 7. The Assembly

24. I come finally to the Assembly. The difficulty here is that the question of the role to be played by the Assembly in the institutions of the Association is linked with the whole complex of problems which the Consultative Assembly has been examining for many months under the headings of « Rationalisation of European Institutions » and « Relations between the Council of Europe and O. E. E. C. ». Naturally, I do not intend to go over all that ground again in this paper. But I would like briefly to summarise what the two essential needs in this matter are. First, the functions allotted to the Assembly in the Association should correspond to the degree of independence to be attributed to the executive. In particular, they should enable the Assembly to have at the very least a right of scrutiny; and the power of passing a motion of disapproval on the work of the executive body must also be envisaged. Secondly, the Assembly of the Association should be the Consultative Assembly of the Council of Europe.

### **7.1. Minimum powers of the Assembly**

25. It is, of course, only too clear that this supervision by the Assembly is far removed from the control exercised by the European Parliamentary Assembly over its executives and that the motion of disapproval does not have the same automatic effect which follows from a motion of censure by the Parliament of the Six. From the democratic, parliamentary standpoint a satisfactory situation will only be reached when the institutions of the Seventeen and the Six are integrated. But that is a stage that lies as yet far ahead.

26. Nevertheless, I think we can produce particularly cogent evidence in favour of the principle that the powers of the Assembly of the Association should be progressively modelled on those of the Assembly of the European Economic Community. I refer to the experience gained from the work of the Common Assembly of the European Coal and Steel Community. Our Committee presented to the Assembly last year a draft Resolution, which became Resolution 133, in reply to the Fourth Report of the Common Assembly to the Consultative Assembly. The Rt. Hon. Kenneth Younger was Rapporteur for the Committee at that time. In this text the Committee concluded as follows: " The Assembly notes that relations between the High Authority and the Common Assembly have been both cordial and fruitful. It believes that this relationship between the parliamentary and executive bodies is essential for the healthy development of the Community, and congratulates the Community on what has been achieved in this respect. Finally, the Assembly would like to place on record its admiration for the achievements of the Common Assembly since its creation. In passing to an entirely new and even more important stage of its existence, it can feel justified pride in what it has so far done to set the pattern for parliamentary control in an integrated Europe." If we have been brought to these conclusions on the work of the Common Assembly, and if we support the competence given to the European Parliamentary Assembly under the Rome Treaty, I cannot see how we can deny what is asked for here by way of powers for the Assembly of the European Economic Association.

### **7.2. The Assembly of the Association to be the Consultative Assembly**

27. I come now to the second proposal I have put forward regarding the Assembly: that it should be the Consultative Assembly of the Council of Europe. There has been much discussion of the implications of this possibility in the various bodies of the Assembly which have dealt with the rationalisation of European institutions and, in particular, relations between the Council of Europe and O. E. E. C. These discussions seem very largely to have been animated by the desire to find some overall scheme which will have the agreement of every type of political philosophy and meet every point of the constitutional theoreticians. Can we not here take a leaf out of the British book, and suggest a practical arrangement to meet the urgent practical need we now face—providing the Association with an Assembly—without doing violence to anyone's convictions on the political theory of the whole matter?

28. The problem is, of course, that the Consultative Assembly, if it becomes the Assembly of the Association, would logically have to be joined by parliamentary delegations from the other countries which may be expected to join the Association, in this case, Switzerland and Portugal. Since they would be joining an Assembly which is one of the organs of the Council of Europe, the Statute of the Council of Europe would be expected to govern such new membership. We know what many members feel to be the difficulty with regard to Portugal. And we also know that the other Government in question, the Swiss, may not wish to appoint a parliamentary delegation to a body which, over and above its work on the Association, must be expected to be handling other matters -with which the Swiss Government might feel that its delegation should not be concerned.

29. I believe that the problem could be solved in a practical way quite simply if we made provision for new delegations to the Assembly, representing States not at present part of the Council of Europe, to be made conditional upon the conclusion of appropriate arrangements on this subject between the Government of the State concerned and the present Consultative Assembly. What would be likely to happen if we made this suggestion and it were accepted?

30. As regards Portugal, if the Portuguese wished to nominate a delegation, it would be a matter for the Assembly to take a decision on their particular case.

31. As regards the Swiss, the possibility is, of course, that the difficulty in instituting Swiss representation in the Assembly would come from the Swiss side. Is it impossible, in this event, that the Swiss Government would feel able to accept the principle of an Assembly in which its own country might not actually take part but which had some power in the running of the Association? The answer to this question is, I think, to be found in the very effective relationship which the Consultative Assembly already has with O.E.E.C. It discusses the annual reports of O.E.E.C; it sends replies to them; and a variety of the Assembly's Recommendations go forward from the Committee of Ministers to the Council of O. E. E. C. Yet, as far as can be ascertained, no

difficulty arises from the fact that the Swiss are represented in O. E. E. C. but not in the Council of Europe. The same argument, incidentally, applies to possible Portuguese difficulties over the Association's Assembly. I conclude, therefore, that we can solve this problem pragmatically. We might not perhaps produce a whole neat structure that would satisfy constitutional perfectionists. But we should enable difficulties arising for these special cases to be met to the satisfaction of all concerned without violating either the principle of democratic parliamentary control, on the one hand, or the principle—which I call the "no Fourth Assembly" principle — on the other, that principle for which our Assembly has fought so strongly in the past.

32. The impression has been gained that so far the Intergovernmental Committee has hardly concerned itself with parliamentary participation in the Association. If this Intergovernmental Committee is not quickly convinced of the vital need for parliamentary supervision, we shall certainly not have the moral authority to convince the Portuguese and Swiss of that need. For this reason it is unthinkable that the Ministers who attend the next session of the Assembly should remain silent on this extremely important matter. Points (c), (d) and (e) of paragraph 8 of the draft Recommendation may perhaps lead them to express their views on the subject.

33. To conclude, the various principles that your Committee asks the Assembly to recommend to Governments are as clear and simple as we can make them. It is realised that they may not satisfy those who would like a complete and detailed legal treatment of the problem. But your Rapporteur would like to suggest that it is not our task to write out the Convention for the negotiators. We owe it to them to expect that they will read sympathetically the proposals outlined here, and will understand what we mean by them. For our aim is an efficient institutional expression of the desire of our Parliaments to set up the European Economic Association, to set it up irrevocably, and to provide it in any case with a minimum of democratic control. I believe that the principles enunciated here will ensure the fulfilment of that desire.

## Appendix 1 APPENDIX I

### Resolution on a Treaty of European Economic Association (Free Trade Area)

The European Parliamentary Assembly,

1. Considering that the authors of the Treaty of Rome affirmed from the outset their determination to foster the progressive removal of obstacles to international trade; Considering that, when the Treaty was signed, on 25th March 1957, they declared their readiness to conclude with other countries, within the framework of the international organisations to which they belong, agreements whereby they could contribute not only to their own but also to other countries' prosperity, by combining their markets, by bringing their economies into closer harmony and by working out the principles of a common policy and methods of implementing it, Approves the principle of a Treaty of European Economic Association (Free Trade Area) associating the European Economic Community and the European Coal and Steel Community with the other OEEC countries and embracing agricultural as well as industrial products, and trusts that the negotiations now in progress will be brought to a satisfactory conclusion;
2. Considering that the other Members of O.E.E.C. have so far been unable, for various reasons of their own, to subscribe to the series of principles enunciated in the EEC, Euratom and ECSC Treaties, or to accept the obligations which Member States of the Community have freely undertaken, Notes, therefore, that such an association will entail rules of operation which may differ from those of the European Economic Community;
3. Affirms the need to preserve in full the reality of the Treaties setting up the three European Communities; Declares that, while it is willing to approve the conclusion of a form of economic association with the other European partners, it could not agree to these Communities being submerged in a system which would result in loss to themselves and their associated overseas countries and territories of the advantages of the economic and political integration now under way; Declares, therefore, that an association of this kind cannot be envisaged in terms of an agreement among seventeen States bound by no previous ties, but as an association of the eleven other European States with the Communities already in existence and equipped with institutions; Declares that the six member countries of the Communities must be regarded as a single entity in any institutions which are to govern the future association;
4. Considering that, in view of the political and technical difficulties still obtaining, there is no practical prospect of concluding and gaining parliamentary approval in many countries for an Agreement of Association which could come into force on 1st January 1959; Considering, moreover, that it would be advisable to have more time to complete the review of remaining difficulties without haste and to bring the current negotiations to a successful conclusion; Considering it desirable, nevertheless, that the partners should take a first step on 1st January 1959, towards achieving concrete results, Approves the action of the Commission of the European Economic Community in proposing, as regards reciprocal trade, and without prejudice to the form and final content of the proposed Agreement of Association, an extension to the eleven other OEEC countries, for a period of eighteen months, of the 10 % cut in existing tariffs, which is to take effect between the Six on 1st January 1959;
5. Suggests that this cut in tariffs should so far as possible be accompanied by a declaration of intent setting forth the principles on which the Treaty of European Economic Association (Free Trade Area) might be based; Expresses confidence in, both at meetings between the Member States and in the Intergovernmental Committee itself, the Commission of the European Economic Community and the High Authority to pursue the policy on which they have embarked, on the basis of the principles set forth above.

## **Appendix 2 APPENDIX II**

### **Press Communique' on the Free Trade Area**

The Political Committee of the Assembly of the Council of Europe, at its meeting in Paris on 11th July 1958, has considered the present state of the negotiations for the setting up of a European Free Trade Area.

The Committee has been fully conscious in these deliberations of the fact that its duty in this matter is to interpret the views of the fifteen member countries of the Council of Europe. In this spirit, the Committee has examined the Resolution on a Treaty of European Economic Association adopted on 27th June 1958 by the European Parliamentary Assembly (the Assembly of the Six).

The Committee has approved the basic idea of this Resolution, and endorses in particular

1. The idea that this is a European Economic Association between the European Economic Community, on the one hand, and the remainder of O.E.E.C. on the other;
2. The two steps recommended, to be taken simultaneously: a declaration of intent setting forth the principles on which the Treaty of European Economic Association might be based; and an extension to the eleven other OEEC countries for a period of eighteen months, of the 10 % cut in existing tariffs which is to take effect as between the Six on 1st January 1959.

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