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Reply to the First General Report of the Commission of the European Economic Community

Report¹

Committee on Economic Affairs and Development

Rapporteur: Mr Paul LEVERKÜHN, Germany

1. 1958 - 10th Session - Third part



A. 1. Draft Resolution

The Assembly :

1. Thanks the European Commission for the transmission of its First General Report and hopes that agreement may be reached in the near future on further methods of collaboration between the European Economic Community and the Council of Europe, as provided for under Article 230 of the Rome Treaty, and as proposed by the Assembly in its Recommendation 146 and Resolution 130 of October 1957; in particular, the Assembly hopes that, in addition to the regular transmission of the Commission's reports and the holding of joint sessions of the two Assemblies, arrangements will be made for joint meetings of the competent committees of the two Assemblies, for meetings between the Commission of the Economic Community and Committees of the Consultative Assembly, for the exchange of documents on subjects of common interest and for close contact between the Secretariats;
2. Declares its interest, through such contacts, in giving support to the work of the European Economic Community;
3. Notes the political relationship being established between the executive and the parliamentary organs of the new Community; and welcomes the support given by the Commission to the need for parliamentary control of the Community's affairs;
4. Notes the various studies planned and undertaken by the Commission and its efforts to standardise the presentation of national economic and financial data as a means of contributing to effective economic policy in Europe and hopes that appropriate liaison will be maintained with O.E.E.C. in this connection;
5. Notes the importance attached by the European Commission to problems of regional economic development; draws its attention to the Social and Economic Atlas of the Regions of Europe, at present being prepared on the initiative of the Social Committee of the Consultative Assembly; and hopes that in this connection also appropriate liaison will be maintained with O.E.E.C.;
6. Welcomes the Commission's statement that it would seek the acceptance by the Member States of the Community of the draft European code of Social Security and its protocol, prepared by the Council of Europe;
7. Notes with interest the section of the Report dealing with agriculture and the dual objective of the Commission in seeking to integrate agriculture into the common field of activities no less thoroughly than other sectors of the economy, while paying due regard to the traditional situation and conditions characteristic of agriculture;
8. Welcomes the Commission's declaration that all the measures planned in the association with the Community of the overseas countries and territories would be inspired by concern for the interests of the local populations—a principle which the Consultative Assembly has stressed ever since its first Session, and which it is now particularly vital to uphold in the interest of cordial and fruitful relations between the peoples of Europe and those of other continents; and draws the Commission's attention to the Report of the Group of Experts, prepared for the Council of Europe, on the Development of Africa, and the continuing work of the Assembly's Economic Committee in this field;
9. Notes the details of collaboration between the Commission and the executives of the other two Communities, so necessary if a duplication of effort and waste of specialists is to be avoided;
10. Welcomes the declarations of the Commission that it will seek not to isolate the Community but to integrate it more fully into the world economy;
11. Hopes that this principle will guide the detailed establishment of the Community's external tariffs which, as the Commission emphasises, is far from being an automatic operation;
12. Hopes that the types of procedure evolved to meet the problem of re-exports within the Community during the transitional period may provide a model for overcoming the selfsame difficulty within a wider European Economic Association;
13. Thanks the Commission for its efforts to facilitate a multilateral solution of the problem of Association between the six Member States of the Community and the other member countries of O.E.E.C. and expresses its hope that these attempts may soon be crowned with success.

B. 2. Explanatory Memorandum

1.

1. The presentation of the First General Report of the European Economic Community to the Consultative Assembly marks an important stage in the development of European affairs. Over nearly ten years of its existence the Consultative Assembly has encouraged six of the Member States of the Council of Europe in their efforts to secure a more intensive integration than its other Member States felt able to seek. The Assembly supported the European Coal and Steel Community, clearly recognising that this Community was not designed to remain an isolated development but was to be complemented by Communities extending into wider spheres. The Assembly has since been able to welcome the creation of the more general Economic Community, whose existence, in spite of certain temporary difficulties which it may engender for the European economic system, it continues to regard as a most significant achievement by the forces striving for the unity of Europe.

2. The High Authority of the Coal and Steel Community has regularly presented to the Consultative Assembly its annual reports, and members of the High Authority have once a year met with members of the Economic Committee and answered questions put to them; the Common Assembly has met jointly with the Consultative Assembly; and the Secretariats at Luxembourg and Strasbourg have maintained close contact with each other. It is very much to be hoped that at all these levels the relations of the Economic Community with the Council of Europe will be no less close than those of the E.C.S.C. It is for this reason that the draft Resolution calls for further forms of collaboration with the E.E.C. such as joint meetings of the 'competent committees of the two Assemblies, meetings between the Commission of the Economic Community and Committees of the Consultative Assembly together with exchange of documents on subjects of common interest and close contacts between the Secretariats.

3. In its Report the Commission lays special stress on its intention of giving the European Parliamentary Assembly every facility for its work of parliamentary supervision. The Commission does not propose to have this control confined to the annual presentation of a report but proposes, whenever possible, to obtain the opinion of the Parliamentary Assembly on this or that question and to carry out any investigation and to make any report for which it may ask. In particular, the Commission expresses its determination to take advantage of the Treaty provision which allows it to amend its proposals in the light of the opinions expressed in the Assembly as long as the Ministers have not taken their decision. The Consultative Assembly welcomes the spirit in which the Commission approaches the political relationship between a European executive and its Assembly, which it regards as a healthy model for the executive and parliamentary organs of the future European Economic Association.

4. The Commission outlines a number of comparative studies of economic, financial and legal questions in each of its Member States, which, quite apart from providing new data on the countries of the Six themselves, may well serve as a guide for later studies covering the other countries of Europe as well, and thereby contribute to the effectiveness of economic policy in Europe as a whole.

5. The Social Committee of the Consultative Assembly has for some time been interesting itself in the social aspect of problems of regional economic development. A year ago it set up a study group, which has been working intensively in this field. The European Commission makes a concrete suggestion in this connection—that "research with a view to the drawing of a fairly detailed map of regions of economic development in Europe, and of their potential, would be of particular value". Such maps are at present being drawn at the Institute of Sociography in Frankfurt by Professor Neundorfer, working on the initiative of the Social Committee. This compilation Social and Economic Atlas of the Regions of Europe is expected to be completed by the summer of 1959².

6. In connection not only with problems of regional economic development, but also with the standardisation of national economic and financial data, it is important for Member States of the Council of Europe not belonging to the Six that there should be appropriate liaison with the O.E.E.C. This will ensure that in a future European Economic Association work by both bodies (in such matters as the economic development of Southern Europe, for example) is harmonised in the general interest.

7. The European Commission explicitly mentions a further initiative taken by the Council of Europe: the European Code of Social Security and its Protocol. This Code lays down standards for nine branches of social security: medical care and sickness, unemployment, old age, employment injury, family, maternity, invalidity

2. Cf. Doc. AS/Soc (10) 8.

and survivors' benefits. These standards apply to the conditions for obtaining benefits as well as to the percentages of the population to be covered and to the amount and duration of benefits. The Code is based on International Labour Convention No. 102 relating to minimum standards of social security, but implies somewhat stricter obligations. The Protocol embodies standards considerably higher than those of the Code, in order to provide a stimulus for further development even in countries where social security has already reached a high level. Both texts are complete from the technical point of view, but the question of their final adoption is still before the Committee of Ministers.

8. In the section of the Report concerned with agriculture the Commission makes plain the difficult and delicate nature of its task of helping to integrate agriculture into the common field of activities. As Assembly Representatives know, the problem of agriculture in a European Economic Association is no less delicate, and we appreciate the spirit in which the Commission appears to be approaching this problem.

9. The Commission approaches the problem of the association of overseas countries and territories which are constitutionally linked with the Member States of the Common Market very much in the spirit by which the Assembly has been inspired ever since 1949, and which gave rise, first, to the Strasbourg Plan and then to the report of the Group of Experts on the Development of Africa, set up in accordance with Order No. 105. The Assembly has always taken the view that it was a European responsibility to ensure to the populations of these countries the greatest possible progress in all fields. It is to be hoped that in the detailed implementation of the sections of the Treaty dealing with these industrially less developed countries the interests of the overseas peoples involved will always be regarded as paramount. The personal contact established between the Commission and those responsible for the political and economic life of these countries would seem a good augury in this respect.

10. A specially difficult task which the executives of the three Communities have to solve is that of collaboration between themselves and avoiding possible duplication of work. In matters such as transport, for example, there is a danger of such duplication as between the J.E.C.S.C. and the E.E.C. Moreover, if a European Economic Association is set up, the task of collaboration on a wider scale, extending to a body like the E.C.M.T., makes it essential that satisfactory arrangements be made, in the first place among the institutions of the Six. A paragraph to this effect is therefore included in the draft Resolution.

11. The Commission denies any intention of isolating the Six from the rest of the world or of provoking a division of Europe and solemnly confirms the pledges to wider international solidarity which are contained in Articles 18, 110 and 234 of the Rome Treaty. The Commission acknowledges the importance of strengthening the political unity of the free world as a whole even while it is pursuing its own economic aims and recognises the vital economic as well as political importance of finding a speedy solution to the problems that have arisen for other countries as a result of the Community's establishment.

12. In this connection the Commission touches upon two more specific points which are also relevant to the negotiations that have been carried on between the Six and the other OEEC countries. The establishment of a common external tariff, albeit on the surface a mechanical operation, becomes in fact one of economic judgement when some 20,000 items which figure in the component tariffs must be re-classified into some 6 or 7 thousand. It is clear that here, as in the case of those goods on which the tariff is to be fixed by mutual agreement rather than as an arithmetic average, more or less restrictive solutions may be adopted. The Consultative Assembly hopes that the Commission will be able to ensure these negotiations primary for the principles which it has enunciated.

13. The Commission is at present preparing directives on the movement of goods traded without payment of customs duties between Member States. The problem of a possible re-export of such goods from one Member State to another in processed or unprocessed form, naturally, needs to be borne in mind until such time as the Six have established a common external tariff. Until such time the Common Market will in fact be a free trade area as far as these goods are concerned. The methods used by the Commission in dealing with this problem within the Common Market may well provide valuable indications on how the problem may be tackled in a wider European Economic Association.

14. The Commission is emphatic upon its efforts to secure a compromise both between the six Member States of the Community and between the Community and the other Member States of O.E.E.C. It has done appreciable work in this field. The Assembly is to give its views in another resolution on the substantive problems involved. It remains, in the present resolution, to thank the Commission for its work and to hope that it will lead to a successful conclusion of these negotiations.