Parliamentary Assembly
Assemblée parlementaire
https://pace.coe.int

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Doc. 532
15 September 1956

Observations of O.E.E.C. concerning Recommendation 78 on relations between the OEEC Directorate of Food and Agriculture and the Cuncio of Europe together and Recommendation 77 on the economic integrationof Western Europe

Communication
Committee of Ministers

1. I. Letter from the Secretary-General of O. E. E. C. to the Secretary-General of the Council of Europe

Paris, 29th March, 1956

Sir,

By letter dated 17th October 1955 you kindly transmitted to the Secretary-General, on behalf of the Deputies of the Ministers for Foreign Affairs, Recommendations 77 and 78 of the Consultative Assembly of the Council of Europe, in order that 0. E. E. C. might examine the suggestions embodied therein concerning closer co-operation between our two Organisations.

I have the honour to transmit herewith a further additional text to the documents already governing t h e procedure for co-operation between t h e Council of Europe and O.E.E.C.

The Council of our Organisation adopted this text at its meeting on 29th March, on t he understanding that it would not enter into force until t h e Committee of Ministers of the Council of Europe had also reached a decision thereon. The representative of one non-member country of the Council of Europe agreed to it only ad referendum, but I hope to be able to confirm his acceptance in the near future.

Furthermore, the Council instructed the Committee responsible for liaison with the Council of Europe to supervise the practical implementation of the new provisions, in collaboration, where necessary, with the Liaison Committee of the Council of Europe.

These provisions are designed to go as far as is consistent with the Statute of our Organisation towards meeting the suggestions of the Consultative Assembly. Thus provision is made for inviting an observer of the Council of Europe to attend certain meetings of the Council of 0 . E. E. C. (paragraph 2, subparagraph (i), (ii) of Recommendation 77).

With regard to the agricultural field, the attendance of a Council of Europe Observer at meetings of the OEEC bodies concerned and the new arrangements provided for in this field whereby Representatives to the Consultative Assembly may consult OEEC experts will enable the Council of Europe to become closely associated with the work of our Organisation (paragraph 1 of Recommendation 78).

On the other hand, there seemed to be no need to make new arrangements with regard to collaboration between our two secretariats, since those at present in force already provide an opportunity for full reciprocal information.

I remain, Sir,

Your obedient Servant,

(Signed) : Guido COLONNA

Deputy Secretary-General

2. II. Procedure for co-operation between the Council of Europe and O. E. E. C.

NEW SUPPLEMENTARY TEXT

The new provisions set out below relate to the following headings of the previous texts, which should be amended accordingly :

a. Interchange of observers [Section V of the 1952 Agreement];

b. Consultation of OEEC experts by Representatives to the Consultative Assembly of t h e Council of Europe [Section VI of t h e 1952 Agreement];

c. Recommandations adoptées par l'Assemblée et transmises par le Comité des Committee of Ministers to 0 . E. E. C. for examination [Section I of the Additional Arrangements of 1953];

2.1. A. Interchange of observers

Attendance of observers of the Council of Europe at meetings of OEEC bodies.

2.1.1. Council

20. The Council of Europe will be invited to send an observer to meetings of the Council whenever the business relates to : (i) questions submitted by the agricultural bodies or the Technical committees, the discussion of which was attended by an observer of the Council of Europe in accordance with the provisions set out in the paragraphs below; or (ii) recommendations of the Consultative Assembly referred to the Organisation by the Committee of Ministers of the Council of Europe.

2.1.2. Agricultural bodies

21. The Council of Europe will be invited to send an observer to meetings of the agricultural bodies whenever their activities relate to questions concerning its work in the sector of agriculture and food.

2.1.3. Technical committees

22. [paragraph 20 of the existing text],

23. [paragraph 21 of the existing text].

24. In addition, the Council of Europe will be invited to send an observer to meetings of the Technical committees whenever their business relates to the study of a recommendation of the Consultative Assembly referred to the Organisation by the Committee of Ministers.

2.2. B. Consultation of OEEC experts by Representatives to the Consultative Assembly of the Council of Europe

Representatives of committees of the Consultative Assembly may consult OEEC experts. The guiding principles which shall apply to such consultations are as follows :

(a) The term " OEEC experts " means experts of the Secretariat of 0. E. E. C.

Nevertheless, when consultations are held on agricultural problems, the Chairman and the Vice-Chairmen of the Committee of Deputies of the Ministerial Committee for Agriculture and Food shall take part in these consultations.

The Executive Committee may also decide, on the proposal of the Liaison Committee, to associate other persons in the consultations.

[The rest of paragraph 22 remains unchanged.]

2.3. C. Recommendations adopted by the Consultative Assembly and referred by the Committee of Ministers to O.E.E.C.for examination

Paragraph 1 of the Additional Arrangements of 1953 is replaced by the following text :

Whenever a recommendation of the Consultative Assembly is referred to 0. E. E. C. by t h e Committee of Ministers of the Council of Europe for study, it is essential that 0. E. E. C. should receive the fullest information relating to it. With this end in view, a representative of the Council of Europe designated by the Committee of Ministers is invited to attend a meeting of the appropriate body of the Organisation to give all the necessary explanations and information.

The Secretary-General of the Council of Europe will also provide the relevant organs of 0 . E. E. C. with any additional explanations which they might need in the course of their work.

2.4. III. Comments by O. E. C. E, on Recommendation 77 of the Consultative Assembly of the Council of Europe

On 13th October 1955, the Committee of Ministers of the Council of Europe transmitted to the Organisation Recommendation 77 of the Consultative Assembly and requested the Organisation to comment on it.

0. E. E. C. fully realised the importance of this document. It was therefore felt necessary to determine its scope by first holding a detailed exchange of views with the Commission for Economic Questions of the Assembly. This exchange of views was held on 14th December 1955, which, conveniently, was before the conclusion of t h e Organisation's Seventh Annual Report, approved by the Council on 27th January 1956.

The discussion begun in Strasbourg on 8th July 1955, when M. Larock presented the Sixth Report of the Organisation, was thus continued, Recommendation 77 being in many respects a commentary on this Report. The comments of the Organisation on that Recommendation will constitute a new phase in t h at discussion.

It was also necessary, in order to enable a suitable reply to be given to the various proposals of the Assembly, that the main lines of the Organisation's future activities should be defined in t h e light of t h e situation described in the Seventh Report. This was precisely one of the subjects discussed by the Council of Ministers on 28th and 29th February.

The full text of the Directives formulated by the Council on that occasion is attached as an Annex I to the comments below, which also make certain references to it.

In fact, on many points these directives constitute a reply to the Consultative Assembly and brings out very strikingly the parallel between the preoccupations of the Assembly and those of 0. E. E. C.

It has, however, seemed useful to comment in detail on paragraph 2 of Recommendation 77 which constitutes the central theme. These comments will be followed by some brief remarks on paragraph 3.

Paragraph 2 of the Recommendation

The Assembly recommends that the Committee of Ministers invite the Governments of the Member States of the Council of Europe and of O.E.E.C. to pursue with renewed vigour an active policy designed to bring about a greater degree of economic co-operation, mutual help and integration in Western Europe.

Present economic conditions in the Western world are on the whole favourable. This has been recognised by the Assembly itself and it is reasonable to expect that Member Governments will take advantage of this situation to move forward towards the economic objectives which they have set themselves, by following a policy of still closer co-operation between themselves.

The various proposals which t h e Assembly has made in this connection are considered individually in the following paragraphs and in each case an indication is given of the work done by the Organisation and the direction which the Ministers have recently given to that work, except as regards the inland transport problems (g) which, insofar as they are treated by the European Conference of Ministers of Transport, are now outside the scope of direct action by the Organisation, and the problems of procedure (i) which are treated separately

(a) The desirability of achieving conditions which would favour convertibility, and the necessity to plan and provide in advance for the problems which convertibility may create in regard to full employment, balance of payments and trade liberalisation.

Desirability of achieving conditions which would favour convertibility

In recent months, the Organisation has taken a number of decisions in the field of payments aimed at facilitating a return to convertibility.

Mention should first be made of the changes made last June in the proportion of gold and loans for the settlement of surpluses and deficits in the European Payments Union. The percentage of gold settlements was increased from 50 to 75 %.

Secondly, the procedure under which, since 1954, bilateral agreements have been concluded on the consolidation and repayment of certain loans granted in the Union and which allows debtor countries to make arrangements for the settlement of their debts before the liquidation of the Union, has the advantage of strengthening the liquid assets of the Union and restoring a better debtor and creditor balance between member countries. In addition, some countries have made large-scale repayments of their own accord.

Finally, it is generally admitted that the European Payments Union will be extended after 30th June 1956. Member countries may therefore rely on the maintenance of machinery which, owing to the facilities which it offers, gives support to the efforts made to extend the liberalisation of goods and services.

This liberalisation is also one of the conditions for a return to convertibility. The action taken by the Organisation in this connection is known. Since January 1955, the compulsory liberalisation percentages, calculated on the reference year 1948, represent 90 % of overall trade and 75 .% in each of the following three main categories : food and agricultural [products, raw materials, and manufactured products. Nine of the member countries have achieved this percentage; Germany, Austria, Benelux, Greece, Ireland, Italy, Portugal, Sweden and Switzerland. On 29th February 1956, the Council reaffirmed that the objective it had set in January 1955 should be fully achieved and consolidated, although it recognised that to do so the Organisation would have to concentrate without delay its attention on certain other obstacles to trade, including high tariffs.

As regards invisible transactions, the principle of freedom has now been admitted, exceptions having to be notified to 0. E. E. C. and examined periodically. Work continues in this field, chiefly in regard to insurance and transport, and the Council has reaffirmed the interest it takes in these matters.

Intra-European liberalisation is conceived as a step towards world liberalisation of trade and payments. In actual fact a large number of member countries are systematically extending part or all of their liberalisation measures to non-member countries. The Organisation is also concerned with the abolition and relaxation of quantitative restrictions on imports from the associated countries, i. e. the United States and Canada. On 1st January 1956, member countries as a whole had freed about 50 % of their total imports on private account from the United States and about 75 % of those from Canada[1] . Another examination of the situation will be held in the course of the year to determine what further efforts might still be made by member and associated countries in this respect.

The Council has also recently requested that the Organisation's work on capital movements should be continued, together with the study of t h e problems raised by bilateralism and the reduction of discrimination vis-a-vis third countries in the matter of trade and payments.

All these are so many steps towards a system of multilateral trade and payments based on convertibility.

Necessity to plan and provide in advance for the problems which convertibility may create, in regard to full employment, balance of payments and trade liberalisation.

The main purpose of the European Monetary Agreement, which was signed in July 1955, was to determine the rules to be followed in payment matters between member countries when the principal European currencies are made convertible.

This Agreement provides for the establishment of a European Fund and a multilateral system to facilitate settlements between member countries and is designed to enable all member countries of O.E.E.C. to maintain trade, liberalisation and employment, at a high level.

The Organisation also decided in 1955 that the Code of Liberalisation should remain in force for an indeterminate period after the return to convertibility.

---

1. Year of reference, 1953.

The Council further decided to set up a special advisory committee to study new questions which will arise after the adoption of convertibility and in particular the incidence of member countries' policies concerning exchange rates, particularly if it appeared that these policies were likely to have adverse effects on the trade of their partners.

It should be added that the undertaking given by member countries to discuss and compare their economic policies on a permanent basis in the Organisation, within the framework of the Economic Committee, and other competent bodies, will be continued after the adoption of convertibility.

(b) In the pursuit of trade liberalisation and tariff reduction, to aim at the removal of trading practices within Western Europe, such as dual pricing in the export of raw materials, dumping of manufactured goods and export subsidies, which are frequently the cause for the adoption or maintenance of protective counter measures.

The Organisation has already taken important decisions as regards artificial aid to exports. In January 1955, it took a decision which laid down that a number of measures of aid considered to be artificial were to be removed by 31st December 1955, by member countries applying them — (currency retention schemes implying an export bonus, direct subsidies to exporters, refunding of social charges and direct tax rebates, refunding of indirect taxation up to a sum exceeding the tax collected, etc). It also decided that member countries should not introduce other measures or extend existing ones likely to distort the free play of competition. As the decision of January 1955 was considered merely as a first stage towards the removal of measures likely to result in artificial distorsion of trade channels, i t was decided to continue this work.

The structure of export prices has in itself been studied on several occasions by the Organisation which may consider cases where member countries feel they have suffered prejudice in this field.

The elimination of aids to exports, like other obstacles to trade, is of considerable importance for the future of liberalisation, and no better illustration can be given t h a n the directive which the Council has just issued in this connection :

" The achievement and the consolidation after 30th September 1956 of the target of 90 % liberalisation in Europe, set by the Council in January 1955, is essential. This implies that the Organisation must, without delay, concentrate its attention on other barriers to trade, such as high tariffs, restrictive State trading and artificial aids to exports, as well as quantitative restrictions and on factors which distort the assessment of the efforts accomplished by each member country. In the current tariff negotiations in G.A.T.T., the co-operation between member countries of O.E.E.C. should be intensified. The work on tariffs envisaged by the Council Resolution of 29th September 1955, must be carried forward so that the next meeting of t h e Council at ministerial level, to be held before the end of July 1956, may consider the problem of tariffs in connection with other barriers to trade. "

(c) The setting up of a voluntary procedure whereby Member States would be invited in specific cases to examine their trading and protective policies with a view to affording assistance to other Member States whose unemployment or balance of payments position is difficult.

In signing the Convention of 16th April 1948, member countries agreed to co-operate closely in their economic relations, and the machinery which they set up to this effect has naturally led them to assist member countries which are in difficulties and therefore exactly conforms to the wish of the Consultative Assembly.

It is felt that a distinction should be drawn here according to whether the difficulties are temporary or structural.

In either case, the appropriate measures, whether national or international, are exceedingly varied. The action of the Organisation affords a large number of examples.

In the last few years, member countries have been faced with temporary difficulties due to fluctuations in their balance of payments. Under the existing rules, their situation was submitted to the Organisation which, in each case, defined the action calculated to remedy these difficulties and invited the partners of these countries to come to their assistance. Apart from special recommendations issued in this connection, from which Germany, France, the United Kingdom, Turkey and other member countries have benefited in the last few years, the faculty accorded to countries in difficulties to derogate from the joint measures of trade liberalisation without incurring measures of retaliation from their partners, is in itself an efficient measure of co-operation. The operation of the automatic credits system of E.P.U. is another example. Moreover, the Organisation has frequently invited those of its members which are creditors to increase their imports by extending their trade liberalisation or by any other appropriate means, so as thus to contribute to solving the problems of debtor countries.

Fluctuations in economic activity in the last few years have not resulted in substantial fluctuations in employment, and the Organisation has not had to cope with any serious problems in this connection.

The permanent disequilibria in employment and the balance of payments which certain countries have experienced are also dealt with by international action. But struct'ural problems are involved, for which solutions can only be found in the framework of an overall plan which should be launched by the country concerned, the other member countries being requested subsequently to con- sider what part they might play in the implementation of this plan.

This method, which the Organisation recommends, was followed in the case of the Italian Development Plan, which was submitted to 0. E. E. C. at the end of 1954 and whose implementation has been kept regularly under review since that date.

Among the measures recommended by the Council on 14th June 1955 in support of this plan is an invitation to other member countries to adopt liberal measures with regard to Italy's exports and other sources of external revenue. When the Ten-Year Plan was recently reviewed, the Italian authorities stressed j the usefulness of this recommendation in their j trade negotiations.

The plans which Greece and Turkey intend to submit to the Organisation will be studied on the same lines.

In general, the Council, at its meeting of 29th February, asked member and associated countries to pay particular attention in the application of the provisions of paragraph 7 of the Seventh Report with regard to other countries of 0 . E. E. C. which are economically under-developed.

(d) Preparation of plans in advance for taking concerted action to meet possible economic difficulties due to inflationary or deflationary pressures.

In recent years, member countries have directed their efforts towards the achievement of an expanding economy and a position of full employment.

The Council of 0. E. E. C. recognised that the expansion of production and the maintenance of a high level of employment create both long-and short-term problems in member countries which must be resolved by Governments individually and collectively.

Governments fully realise the necessity to avoid a return to general depressions as serious as those which occurred between the two wars and inflationary pressure as strong as that of 1950-1951, as such fluctuations would seriously jeopardise the success of their efforts,

The present situation involves risks of inflation. Most countries must continue to expand their economies while avoiding excess demand which may have inflationary effects. The Seventh Report contains recommendations in this connection, and the Council has recently expressed a wish that Governments should bring their policies into line with these recommendations.

But modern economies can pass in a few months from an inflationary to a deflationary trend.

The flexibility which Governments adopt in their economic policies should generally enable them speedily to take measures designed, should the need arise, to revive activity and thus maintain employment at a socially desirable level.

However, the very wide range of economic developments in the various countries and the suddenness with which they occur make it difficult to prepare for all contingencies. On the other hand, it is essential to recognise danger signals in time. This can be done through a permanent joint review of the economic systems of the various countries. It is precisely one of the essential duties of 0 . E. E. C. to provide a framework for a review of this kind.

The preparation of annual reportsj periodical meetings of economic experts, the regular examination of the situation of the member countries by the Managing Board of the European Payments Union and the Economic Committee, on the basis of quarterly reports, and the work of the technical committees and the agricultural bodies make it possible to follow the trend of the economies of the member countries both as a whole and in each individual sector. The confrontation of policies to which these exercises give rise and which covers the measures taken to influence the economic situation, prevents any divergence in the national efforts.

It is certain that these methods improve with use. They will be further completed by the studies on prospects and problems of long-term expansion which were decided by the Council on 29th February.

e) The development and use of atomic and other sources of energy for peaceful purposes by Member States on a co-operative basis and the simultaneous examination and anticipation of economic and industrial repercussions which will result from the introduction of atomic energy in industry and transport.

By the end of 1954 the Organisation had already begun to consider the problems confronting European countries with regard to energy in general, and it was decided to study them with a view to finding solutions so far as possible through concerted action by the Governments of member countries.

With this aim in view, and as a first step, two separate bodies were set up in June 1955 : the Working Party of the Council on Nuclear Energy and the Commission for Energy. It may be useful to summarise their activities.

The Working Party on Nuclear Energy was instructed to examine the possible scope, form and methods of economic and financial co-operation in the peaceful use of this form of energy within 0. E. E. C. issued the results of its studies in a report published in January 1956 [2].

The report recognises that co-operation between member countries of the Organisation is essential if they are to be in a position to use nuclear energy for peaceful purposes at the earliest possible date and under the best economic conditions. But while providing for the fullest possible co-ordination, the Working Party was anxious that all parties concerned should be allowed a large degree of freedom of action and initiative.

In the course of its studies, it seemed to the Working Party that many problems could only be resolved by continuous multilateral conversations between the countries. It accordingly suggested that a special committee should be set up to consider the problems in detail and submit concrete proposals to the Council. When the time came the special committee would be replaced by a Permanent Steering Committee for Nuclear Energy.

The Council endorsed these proposals when it adopted the Resolution concerning cooperation among member and associated countries in the field of Nuclear Energy [3].

The Special Committee set up by this Resolution was instructed to submit to the Council, within three months, proposals with a view to implementing the Report of the Working Party on Nuclear Energy. These proposals should deal with the main questions treated in the Report of the Working Party, the setting up of the Steering Committee and the means to be used to co-ordinate the action of the existing Organisations.

The Special Committee should also seek any necessary discussions with the appropriate agencies of the United States Government with regard to the declaration made by President Eisenhower on 22nd February 1956, on the release of Uranium 235.

The Commission for Energy, composed of eight experts chosen in a personal capacity by reason of their knowledge of the general problems of energy and of their personal standing in the Organisation or in their respective countries, was assigned the following terms of reference :

> *To collect and collate all useful information concerning the requirements and resources of member countries in all forms of energy, both in the recent past and, wherever possible, in the years to come;*
>
> *To examine the chief problems, in particular, the economic and financial problems, which may arise for member countries in this respect, and to compare the methods that member countries employ or expect to employ to resolve them; and*
>
> *To formulate proposals for finding still better solutions to these problems by means of co-operation within the Organisation.*

The Commission, under the Chairmanship of Sir Harold Hartley, has held several meetings. It has studied, in particular, member countries' prospects of obtaining supplies of all forms of energy during the next twenty years. It has endeavoured to estimate the demand for energy in 1960 and 1975 and has assessed the resources—including European production, imports and new sources of supply—which might help member countries to meet their requirements as economically as possible.

In the course of these studies, the Commission for Energy approached the national administrations, non-governmental circles and, generally speaking, all t h e leaders and quarters interested in the question.

---

2. Possibilities of action in the field of Nuclear Energy.
3. The text of this Resolution is given in Annex II.

The development of nuclear energy was naturally taken into consideration. However, the Commission will not be able in the time at its disposal to examine in detail the problem of the repercussions of nuclear energy on industry and transport.

The conclusions of the Commission will be embodied in a report which will be circulated in April and, when it has been presented, the Council will have to consider what steps the Governments might take, at national level and collectively, in order that demands for energy may be met in the best conditions during the coming years.

(f) The need to achieve a more efficient use of the agricultural resources of Europe by improved methods of production and by increased local specialisation accompanied by improved methods and concerted policies of international distribution and marketing.

In order to give effect to the proposals contained in the Resolution of the European Conference on the Organisation of Agricultural Markets of 10th July 1954, a Ministerial Committee for Agriculture and Food was set up within O. E. E. C. with a programme based on this Resolution. The main principles are as follows :

> *To arrange for a permanent confrontation of agricultural policies in order gradually to adapt national policies with a view to a more efficient overall use of the factors of production, the needs of consumption and competition from foreign products;*
>
> *To evolve measures for promoting an increase in demand in an effort to reduce and stabilise retail prices, particularly by the simplification of distribution circuits;*
>
> *To take a number of joint measures in the field of technology and productivity likely to serve directly the aim referred to above. Generally speaking, the task is to persuade producers to adapt themselves to the exigencies of the modern economy.*

In practice, work in these A'arious fields has been in progress since September 1955.

The first exercise of confrontation is now nearing completion. A comprehensive examination of the agricultural situation and policies has been carried out for each country in order to determine the direction to be given to national policies with a view to setting up closer co-operation between the various countries, which might facilitate the organisation of the European agricultural market.

Suggestions on the measures to be taken will be submitted by the Committee of Deputies to the Ministerial Committee for Agriculture and Food. These suggestions will undoubtedly take account of the necessity for ensuring reasonable stability of the agricultural markets (without neglecting the problems of adjustment raised by the natural expansion of production) and, for using to the best advantage, the productive resources of Europe while at the same time achieving a greater degree of freedom and expansion in intra-European trade. In this respect, the joint discussion by all Governments of any important measures which they have to take in the agricultural sector will certainly be the best, if not the most spectacular, means of developing trade by relaxing protectionist measures which are at present an obstacle to the system of percentage liberalisation.

Special work has already been undertaken to relax trade restrictions. Groups of experts are at present endeavouring to find solutions to this problem as it affects fruit and vegetables and dairy products. Other products— meat, grain and fish—will shortly be considered.

In view of the very complex nature of the problems of distribution and marketing and the necessity of avoiding a dispersal of effort, it was felt advisable to select a few sectors to serve as points of departure for joint action. A detailed enquiry on fruit and vegetables is in progress. A second enquiry on distribution costs of livestock products is also to be launched shortly.

On the other hand, the European Productivity Agency is engaged on a number of projects which relate, for example, to the creation of agricultural units in which economic viability will be achieved by agrarian reform or consolidation; advisory work in the managing of farms; the application of modem production methods.

The Ministers are to meet at the beginning of May in order to reach a decision on these activities as a whole and to determine what joint action and what new enquiries might be undertaken in order to attain the objectives described above.

(g) The harmonisation and co-ordination of transport, particularly in the field of investments and international rates.

The problems involved in the harmonisation and co-ordination of transport are now being studied by the European Conference of Ministers of Transport whose Second Annual Report has recently been circulated.

(h) Having regard to the multiplicity | and heterogeneous structure of the many international organisations that deal with similar aspects of the Western European economy, the urgent need to integrate the work of these organisations, insofar as they relate to Western Europe, within the framework of the Council of Europe and 0. E. E. C.

The necessity for ensuring close liaison between the activities of the various organisations dealing with similar problems in Western Europe is becoming increasingly clear every day.

Although the solution of this problem is largely outside the scope of the international organisations themselves whose activities depend on their constituent Governments, it has not been neglected by 0. E. E. C.

Whether in the case of the European Coal and Steel Community, the Economic Commission for Europe, the International Labour Organisation or other institutions of general or specialised competence, the Organisation maintains continuous relations—according to procedures which are appropriate to each case —with the international bodies whose work is connected with its own activities.

In this respect, the increasingly close co-operation between 0. E. E. C. and the Council of Europe provides an encouraging example. As a result of this co-operation, 0. E. E. C. has shown an increasing tendency to consider at its own particular level on the technical and governmental plane, the proposals put forward by t h e Consultative Assembly.

New measures along these lines are now being considered. They will also satisfy the considerations expressed by the Consultative Assembly in sub-paragraph (i) of its Recommendation.

Paragraph 3 of the Recommendation

The last paragraph of Recommendation 77 recommends that each Member State of the Council of Europe should be invited to draw up, in consultation with 0. E. E. C, a programme of progressive measures designed to bring the economy of that State into closer harmony with the economic interests of Europe viewed as a whole, thus facilitating the integration of a truly European economy.

Article 3 of the Convention for European Economic Co-operation states that " The Contracting Parties will, within the framework of the Organisation and as often and to such extent as may be necessary, draw up general programmes for the production and exchange of commodities and services. In so doing they will take into consideration their several estimates or programmes and general world economic conditions. "

In the first few years following the creation of 0. E. E. C, when its immediate task was the establishment and implementation of a programme of European Recovery, this programme—in which the United States played an essential part—was drawn up on the basis of national programmes which Governments were invited to submit and which were co-ordinated by 0. E. E. C.

The brief review of the possibilities afforded by the Convention, and of the practice followed by the Organisation at a time when extremely urgent problems had to be faced, is merely given to show that member countries are not, a priori, opposed to the method proposed by the Consultative Assembly.

However, since the end of the period of reconstruction the Organisation has deliberately chosen a more empirical method for attaining the same ends. The joint policy that member countries must follow to achieve the general aims of the 1948 Convention has been defined on several occasions, and decisions have been reached in the most important sectors—trade, payments, financial stability, agriculture and energy—in order to implement that policy.

When a member country has difficulty in applying these decisions, it submits its case to the Organisation. The policy of that count r y is then examined, after which measures are decided which should enable it to comply with the decisions. The member countries are thus led to co-ordinate their national policies with that defined by the Council. This is one of the main tasks of co-operation as practised within 0. E. E. C, which seems to answer, though by other means, the proposals of the Assembly.

Thus, in many respects, the point of view of the Governments coincides with that expressed by the Consultative Assembly in its Recommendation 77. If the methods recommended do not always correspond, the aims at least are fundamentally the same.

The Organisation for European Economic Co-operation is, at government level, the principal instrument for achieving these aims. Created at a critical moment in t h e history of Europe, it has so far effectively contributed to overcoming the most serious economic difficulties which member countries have encountered since 1948. But its task is far from complete; no completely satisfactory solution has yet been found for the old

problems and new problems have arisen with the return to more favourable conditions and the development of technical methods. The member countries are resolved to tackle their problems in common, as is shown by the attached directives, but if these directives are to be fully effective, the efforts of the Governments must be supported.

No body is better fitted to give this support than the Consultative Assembly, which is the meeting place of the representatives of the national Parliaments. It is in this way that the discussion between the two institutions will assume its full significance.

Appendix 1 ANNEX I

COUNCIL

Resolution of the Council Giving directives for the work of the organisation (Adopted by the Council at its 316th meeting on 29th February 1956)

The Council,

Having regard to the Decision of the Council of 14th January 1955, concerning the Extension and Stabilisation of Liberalisation of Trade [C (54) 291 (Final)] ;

Having regard to the Seventh Annual Report of the Organisation entitled " Economic Expansion and its Problems " (hereinafter called the " Seventh Report ");

Having regard to the Memorandum by the Secretary-General of 11th February 1956, on the Work of the Organisation [C (56) 36] ;

Reaffirming, at a meeting held at ministerial level, that the policy of the Organisation is to secure the healthy expansion of the European economy, in the framework of the greatest possible freedom of trade,

Decides :

1. The work of the Organisation shall be guided, as far as the relevant activities are concerned, by the Directives set out in the Annex to this Resolution.

2. The Executive Committee is instructed to submit to the Council without delay proposals initiating the action additional to existing decisions of the Organisation, required to implement these Directives.

Annex - Directives by the Council

A. Economic problems

1. The Council' recognises that expanding production and high employment create problems, long-term as well as short-term. These problems must be solved by the Member Governments, by individual and collective action.

2. The Council commends to Member Governments the suggestions concerning current policy set out in paragraph 6 of the Seventh Report.

3. The Council directs that studies on the longer-term problems of economic expansion in Europe should be pressed forward. The scope of the studies which the Organisation might usefully undertake in this field should be decided after consultation with the economic experts. The Council endorses the objectives set out in paragraph 7 of the Seventh Report.

4. Within the general high prosperity in Europe, certain sectors give rise to preoccupations. Decisions have already been made in the Organisation to investigate three of these sectors : agriculture, textiles and energy. This work should be pursued with a view to establishing as soon as possible a common view on the basic causes of difficulty and on the necessary action, both national and collective.

B. Trade and payments

5. The achievement and the consolidation, after 30th September 1956, of the target of 90 % liberalisation in Europe, set by the Council in January 1955, is essential. This implies that the Organisation must without delay concentrate its attention on other barriers to trade — such as high tariffs, restrictive State trading and artificial aids to exports — as well as on quantitative restrictions and on factors which distort the assessment of the efforts accomplished by each member country. In the current tariff negotiations in G.A.T.T., the co-operation between member countries of O.E.E.C. should be intensified. The work on tariffs envisaged by the Council Resolution of 29th September 1955 [C(55) 254 (Final)] must be carried forward so that the next meeting of the Council at ministerial level, to be held before the end of July 1956, may consider the problem of tariffs in connection with other barriers to trade.

6. The next step must be a frontal attack on the trade restrictions remaining after the 90 % stage has been realised, insofar as these restrictions are not designed to meet temporary balance of payments difficulties. The Organisation must establish effective procedures to this end. Here again, other barriers to trade must be taken into consideration.

7. The effect on patterns of trade, both in and outside Europe, of the disposal of agricultural surpluses should be studied by the Organisation.

8. The work of the Organisation on the libesalisation of invisibles and capital movements rhould he pursued.

9. À further examination of the situation as regards liberalisation of imports from the dollar area will be undertaken later this year, to consider what further efforts can be made, both by Member and Associated Governments, to enable such liberalisation to be enlarged. This examination shall be associated with studies of the kind prescribed in the Council Recommendation of 22nd December 1954 [C (54) 317].

C. Relations with other countries

10. The Organisation should carry forward the study of the problem of reducing bilateralism and discrimination in trade and payments with third countries, as a step towards attaining a convertible system of multilateral trade and payments. In this connection, multilateral arrangements already concluded between groups of member countries and non-member countries should he reported to the Organisation.

D. Under-developed countries

11. The Council requests member and associated countries to give special attention in the application of the provisions of paragraph 7 of the Seventh Report to the other 0 E E C member countries which are economically under-developed.

12. The organisation should explore through an exchange of information the extent to which, and the methods by which, member and associated countries are contributing to the object of constructive economic development in the less-developed areas of the world. The appropriate bodies of the Organisation should, in the light of this study, consider and report to the Council whether there is action that the member countries might usefully take to co-ordinate their efforts.

Appendix 2 ANNEX II

COUNCIL

Resolution of the Council concerning co-operation among member and associated countries in the field of nuclear energy (Adopted by the Council at its 316th meeting on 29th February 1956)

The Council,

Having regard to the Convention for European Economic Co-operation of 16th April 1948;

Having regard to the Decision of the Council of 10th June 1955, concerning Methods of Co-operation in the Peaceful Use of Nuclear Power [C (55) 112] ;

Having regard to the Report of Working Party No. 10 of the Council of 15th December 1955, on the Possibilities of Action in the Field of Nuclear Energy [C (55) 305] and to the Memoranda by the Secretary-General concerning points raised in this Report [C (56) 41] ;

Considering that the Report of Working Party No. 10 indicates in general terms the objectives towards which co-operation among member and associated countries in the field of nuclear energy might be directed;

Having learned with satisfaction of the important and generous declaration made, on 22nd February 1956, by the President of the United States of America;

Considering the declarations made during the discussions in the Council on 28th and 29th February 1956;

Noting that, during these discussions, certain member countries expressed their intention of establishing between themselves closer forms co-operation than those envisaged in the Report of Working Party No. 10 and of ensuring the necessary liaison between their work and that of the Organisation;

Considering that there is no incompatibility between the co-operation proposed by Working Party No. 10 and the objectives pursued by those member countries;

Desirous of determining practical procedures for this co-operation in order to enable the Organisation to decide on effective measures to be adopted,

Approves the broad lines of the aforementioned Report of Working Party No. 10;

Decides :

1.

a. A Special Committee of the Council is established to deal with mattters relating to Nuclear Energy.

b. The Governments of Canada and of the United States of America shall be associated with the work of the Special Committee.

c. Member and associated countries are invited to designate, within 15 days, their representatives on the Special Committee.

2.

a. The Special Committee shall be responsible for submitting proposals to the Council, in the light of the declarations made during the debates of the Council on 28 th and 29 th February 1956, to implementing the above-mentioned Report of Working Party No. 10. To this end, it should seek any necessary discussions with the appropriate agencies of the United States Government with regard to the Declaration of the President of the United States referred to above. The proposals of the Special Committee should be formulated within three months' time at the latest.

b. The proposals of the Special Committee should, in particular, deal with :

the establishment of security control, the institution of joint undertakings as well as interim measures to be taken in the field of intra-European trade in nuclear materials and equipment, these being among the primary objectives of co-operation of member countries in this field;

the means to be used to co-ordinate the action of existing organisations.

c. When carrying out its terms of reference, the Special Committee shall take into account the possibilities afforded by the application of Article 14 of the aforementioned Convention for European Economic Co-operation.

3. The Special Committee may establish such subordinate bodies as may be necessary for carrying out its terms of reference. It shall have recourse to the other committees of the Organisation whenever it considers this useful and may, in particular, refer certain points to them for prior examination.