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EUROPEAN ECONOMIC COMMUNITY

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EUROPEAN ECONOMIC COMMUNITY

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Introduction

1. The decision of Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands to create the European Economic Community (referred to as the E.E.C., the Common Market or the Six) was an event of the utmost significance affecting not only future economic and political developments in the member countries, but also their trade and economic relations with other countries of Western Europe and the world at large. The importance of the E.E.C. as an economic unit may be illustrated by certain basic data relating to the year 1959 - total population: 170,000,000; gross national product of all countries comprising the group: £57,000 million; total internal trade between member countries: £2,900 million; total trade with non-member countries: £6,100 million for exports and £5,700 million for imports.

2. In any consideration of Ireland's position vis-a-vis the E.E.C. a major factor must be the large proportion of Ireland's external trade which is with the United Kingdom. The growth of this trade has been assisted by the mutual advantages exchanged under Trade Agreements by which Ireland in general enjoys duty-free entry for her goods entering the United Kingdom market and the United Kingdom enjoys preferential rates of duty on her goods entering the Irish market. In any assessment of the economic effects of a link between Ireland and the E.E.C. it would be necessary to take account of the extent to which such a link might affect Ireland's trade with the United Kingdom.

3. The attitude which has been adopted consistently by the Government to the question of Ireland's participation in the E.E.C. or a wider European grouping, is that primary regard must be had to our national interest and that while this would,

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in certain circumstances, be served by our joining a grouping of which the United Kingdom was a member, it would not be served by joining the E.E.C. if the United Kingdom remained outside and we had to forgo our preferential advantages in that market.

4. A detailed statement of the Government's attitude is contained in remarks made by the Taoiseach in Dáil Éireann on 16th May, 1961, in the course of which he said:-

"Deputies will be aware that, having regard to the pattern of our export trade, participation in the EFTA* cannot be expected to offer substantial advantages to us. The EFTA countries comprise a total population of approximately ninety million, but Britain accounts for over half the total. The Stockholm Convention would not confer on us any additional rights in the British market. The other six members of the EFTA have not been important markets for us in the past and, while we must not of course neglect any market, it is doubtful whether the advantages we could hope to reap in those countries would justify acceptance of the obligations of the Stockholm Convention, particularly as agriculture is expressly excluded from its provisions.

Generally speaking, our best markets on the Continent have been in the Six and it is in those continental countries that we could expect to continue to make progress if we enjoyed reasonably favourable conditions of access. It is important to bear in mind in this connection that the Rome Treaty applies to the whole field of the economies of the member countries, including agriculture. At the same time the vital importance for our export trade of the British market makes it necessary that we avoid any action which might adversely affect our special trading relations with that country. If we were to join the Common Market while Britain remained outside we would be obliged, under the provisions of the Rome Treaty, to apply to British exports to this country the common external tariff of the Community. It is by reason of such considerations that I stated in the Dáil on 26th April, 1960, that 'the best situation possibly for us would be association with the Common Market, if Britain were also a member of it, on a basis which satisfactorily took account of our economic circumstances'. This is still the Government's appreciation of the position.

/Until

* The European Free Trade Association, see paragraph 16.

Until recently, the prospects of a link between Britain and the Common Market seemed slight. There have, however, been indications during the past few months that the British Government may be contemplating the possibility of entering the Common Market on certain conditions. It is the Government's view that, if Britain should take this step, we should consider establishing a link with the Common Market and endeavour to secure terms of membership or association which would satisfactorily take account of our economic circumstances."

5. Matters have not yet advanced to a point at which it can be assumed that the United Kingdom will enter the E.E.C. and it is necessary to have clarification of this issue and of the conditions that may govern Britain's membership of the Community before a decision can be taken on Ireland's future relations with the Community. The Government feel, nevertheless, that it is now opportune to present to Dáil Éireann and to the public generally an outline, in the form of a White Paper, of the developments leading to the establishment of the E.E.C., the provisions of the Treaty of Rome and the associated proposals for a common agricultural policy, the various kinds of links that can be formed with the E.E.C. and our trade and other relations with the Community and the United Kingdom. The Government hope that this factual information will serve as a useful basis for informed and constructive discussion of the important issues involved in the question of Ireland's future relations with the E.E.C.

6. It is not, of course, possible to state the specific implications for Ireland of membership of the Community as these would depend on the outcome of the detailed negotiations which would take place in the event of our applying for membership. Any official attempt to assess them in advance might prejudice these negotiations. A further White Paper covering these matters would be published in due course as a basis for discussion by Dáil Éireann of whatever decision may be proposed by the Government.

7. It needs to be emphasised that the chapters following deal, in some respects, with matters which are in process of change or on which information may be incomplete. If significant amendments prove to be necessary they will be brought to notice in later Government statements.

Developments leading to the establishment of trading groups
in Western Europe

8. The establishment of the EEC represents a major step in a movement for closer economic and political unity in Western Europe which developed under the impact of the Second World War and was particularly active in the years immediately after the War. Already, in 1944, Belgium, Luxembourg and the Netherlands had laid the foundations of the Benelux Customs Union which came into effect in January, 1948. April, 1948 saw the creation of the Organisation for European Economic Cooperation (OEEC).

9. The OEEC, while designed to encourage economic cooperation between European States, had as an immediate purpose to give effect to the generous proposals put forward in 1947 by the U.S. Secretary of State, General George Marshall, for assisting European recovery. A principal aim of the Organisation was to free European payments and trade. In this task the Organisation achieved considerable success through the creation of the European Payments Union and the elimination of a large part of the quantitative and exchange restrictions impeding the flow of trade. The liberalisation of trade did not benefit agricultural exporting countries to the same degree as countries with a predominantly industrial economy as it was possible for the latter, while fulfilling their formal obligations under the programme, to retain quantitative control of imports of a number of agricultural products in the interests of their domestic producers. Certain initiatives were taken within the OEEC towards the removal of tariffs between member countries but progress was not made in that direction.

10. The Council of Europe, comprising most of the members of the OEEC was established in May, 1949. The year 1950

/witnessed

witnessed a determined effort to bring about more intimate and integrated relations in a number of fields between France, Western Germany, Italy and the Benelux countries. The first initiative in this direction was the Schuman Plan, put forward by M. Robert Schuman in 1950, which formed the basis of the Treaty for the European Coal and Steel Community (ECSC) signed in the spring of 1951 and brought into force in the summer of 1952. The proposals by M. René Fleven in October, 1950, for the creation of an integrated European army led to the negotiation of the European Defence Community (EDC) Treaty which was signed in May, 1952. The Treaty was not, however, ratified and the project collapsed in August, 1954. Concurrently with the elaboration of the ECSC and EDC Treaties, representatives of the six countries concerned were working in cooperation with the Consultative Assembly of the Council of Europe on a project for a European political community. This, however, came to nothing when the EDC failed.

11. It was under the influence of these events that representatives of France, Western Germany, Italy and the Benelux countries met in Messina in June 1955 and initiated negotiations for the formation of a customs union. A report submitted by a group of officials in April, 1956, formed the basis for the preparation of a Treaty establishing a European Economic Community comprising the six countries. The Treaty was signed in March, 1957, and came into operation on 1 January, 1958. It is usually referred to as "The Treaty of Rome".

12. The report submitted by the group of officials in April, 1956, had suggested that the proposed Customs Union of the Six might be accompanied by arrangements for a free trade area with certain other countries. After preliminary study of the matter in the OEEC, the Council of that body decided in February, 1957, to sponsor negotiations to determine ways and

means of bringing into being in Europe, at the same time as the E.E.C., an area (to be called a Free Trade Area) within which there would be no tariff barriers or other restrictions to trade, although each country within the area would have its own tariffs against the rest of the world.

13. Ireland participated throughout in the Free Trade Area negotiations and took a particular part in efforts to find solutions to the problem of member countries in course of economic development - Ireland, Greece, Turkey and Iceland. The solutions considered were, principally, an extended transitional period for these countries for the elimination of protective tariffs and quantitative restrictions and the setting up of appropriate institutions to grant financial assistance to such of those countries as needed it.

14. Considerable progress was made on the Free Trade Area project in the course of protracted negotiations during 1957 and 1958. In November, 1958, however, difficulties of a fundamental character arose and it was found necessary to announce in the following month that it had not been possible to secure the establishment of a Free Trade Area which would take effect parallel with the Treaty of Rome.

15. The results which had been achieved in these negotiations were summarised as follows in an OEEC document:

- (a) Subject to an overall settlement being reached on the main issues, a wide measure of agreement was achieved on a number of questions, principally, the methods whereby tariffs and quota restrictions could gradually be eliminated within a Free Trade Area, rules regarding the right of establishment, rules for freeing movements of capital and permitting the international exchange of services, transport problems, and rules relating to restrictive business practices and State aid.

- (b) Progress had been made and differences between national points of view had been narrowed, on a number of other questions, namely, agriculture, movements of workers, the inclusion of coal and steel in a Free Trade Area, trade in products used in the production of nuclear energy, and the special arrangements required for countries in process of economic development.
- (c) It had been found impossible to reach agreement on certain more fundamental issues, namely -
- (i) external tariffs and external commercial policy - this includes the problems of definition of origin and the position of the Commonwealth preference system in relation to the Free Trade Area;
 - (ii) the harmonisation and coordination of internal economic and social problems; and,
 - (iii) the institutional system and voting rules including the rules which should apply to the use of escape clauses.

16. In 1959 a separate free trade area - the European Free Trade Association (EFTA) - embracing Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom was established. The objects of the Association are to develop trade on a multilateral basis amongst the member countries by the gradual elimination of tariffs and quantitative restrictions on industrial products and thereby to facilitate the bridging of the gap between the E.E.C. and the rest of Western Europe if circumstances favourable to such a development should subsequently emerge.

17. There have been indications of a strong desire on the part of the member countries of EFTA to establish a link with the E.E.C. It would appear, however, that a free trade area embracing the E.E.C. and other Western European countries is not realisable and that whatever links may in future be established between the Community and other countries must be based on the provisions of the Treaty of Rome.

The Treaty of Rome

18. The Treaty of Rome in its first Article establishes between its members a European Economic Community. Under Article 2 "it shall be the aim of the Community, by establishing a Common Market and progressively approximating the economic policies of Member States, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living and closer relations between its Member States." Other Articles are concerned with other aspects of the Community (vide paragraphs 47 to 76 below).

19. For the establishment of a Common Market, the Treaty lays down a wide range of measures, amongst them being -

- (1) the elimination, as between Member States, of customs duties and quantitative restrictions on the importation and exportation of goods, as well as of all other measures with equivalent effect;
- (2) the establishment of a common external customs tariff;
- (3) the inauguration of a common agricultural policy.

20. These and other measures are required to be completed during a transitional period of 12 years from 1st January, 1958, divided into 3 stages of 4 years each. Provision is made for the extension of individual stages subject to the overriding limitation that the transitional period as a whole may not be extended beyond 15 years.

Elimination of Customs Duties (Articles 12 to 17)

21. Under the Treaty, Member States bind themselves to abolish progressively all customs duties (including revenue duties) on imports from other members of the community in accordance with the following time table:-

On the basis of the duties in force on 1st January, 1957, reductions are to be effected as follows during the various stages of the transitional period:-

First Stage

- (a) A first reduction of 10% applicable to all duties to be made one year after the date of the entry into force of the Treaty.⁽¹⁾ (For example an ad valorem duty of 50% would be reduced to 45%).
- (b) Two further reductions of 10% at intervals of eighteen months.⁽²⁾

Second Stage

Two further reductions of 10% at intervals of eighteen months and a third reduction of 10% after an interval of one year.

Third Stage

Four further reductions of 10% at times to be fixed by the Council of Ministers of the Community.⁽³⁾

22. Member States must endeavour to ensure that the reduction in each duty amounts to at least 25% at the end of the first stage and 50% at the end of the second stage.

23. Customs duties on exports and charges with equivalent effect are required to be abolished, as between Member States, by the end of the first stage of the transitional period.⁽⁴⁾

/24.

(1) The Treaty entered into force on 1st January, 1958.

(2) i.e. on 1st July, 1960 and 1st January, 1962. The reduction on 1st July, 1960, and all subsequent reductions are required to be so applied as to reduce by 10% the total receipts from customs duties, no individual reduction to be less than 5%, or 10% on any duty standing at more than 30%. Total customs receipts are calculated by multiplying by the basic duties (i.e., the duties in force on 1st January, 1957) the value of imports from Member States in the year 1956. (In the case of Ireland a rough estimate of this amount is £0.5 million). As regards revenue duties, receipts from which will not count in the reckoning of receipts from customs duties, the reduction may not be less than 10% of each duty. Particulars of Irish revenue duties are given in Appendix I.

(3) See paragraph 80 and 81.

(4) The only charge on exports from Ireland is the levy applied to exports of salmon.

24. Member States are precluded from introducing as between themselves any new customs duties, or charges with equivalent effect, on imports or exports and from increasing existing duties or charges.

Elimination of Quantitative Restrictions (Articles 30 to 37)

25. All quantitative restrictions as between Member States are required to be eliminated not later than the date of expiry of the transitional period. The procedure laid down for this purpose is as follows:-

- (a) Each member was required at the end of one year after the entry into force of the Treaty⁽¹⁾, to convert any bilateral quotas⁽²⁾ granted to other Member States into global quotas open to all Member States and to enlarge such global quotas by not less than 20% of their total value as compared with the preceding year, each global quota to be increased by not less than 10%.
- (b) In each succeeding year, quotas are required to be increased as at (a) and in the same proportions in relation to the preceding year. (The fourth increase shall take place at the end of the fourth year⁽³⁾ after the entry into force of the Treaty and the fifth at the end of the first year of the second stage of the transitional period).
- (c) Where there is no basic quota, or it is very small, a separate procedure is laid down. Where the global quota does not amount to 3% of the national output of the Member State concerned, a quota equal to not less

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- (1) The Treaty entered into force on 1st January, 1958
 - (2) Quotas affecting imports into Ireland from the Member States are applied on a global (not a bilateral) basis.
 - (3) i.e. on 1st January, 1962.

than 3% of such output had to be established not later than one year⁽¹⁾ after the entry into force of the Treaty, rising to 4% (i.e. by one-third) at the end of the second year⁽²⁾ and 5% (i.e. by a quarter) at the end of the third year⁽³⁾. Thereafter, increases will be at the rate of not less than 15% per annum. At the end of the tenth year⁽⁴⁾ each quota must be equal to not less than 20% of the national output.

26. Quantitative restrictions on exports as between Member States must be abolished by the end of the first stage of the transitional period at the latest.

27. The steps being taken towards the elimination of customs duties and quantitative restrictions have been supplemented by measures of administrative co-operation in the form of regulations providing for the use of customs certificates covering all trade within the Community which benefits by the reductions in duties under the Treaty.

Common External Tariff (Articles 18 to 29)

28. With certain exceptions, the duties in the common external tariff⁽⁵⁾ are fixed at the level of the arithmetical average of the duties applied in the Member States on 1st

/January

(1) i.e. not later than 1st January, 1959

(2) i.e. on 1st January, 1960

(3) i.e. on 1st January, 1961

(4) i.e. on 1st January, 1968

(5) The compilation of the common external tariff has been completed with the exception of the duties to be applied to petroleum products and manufactured tobacco. Because of the size of the tariff (two volumes and a supplement totalling 390 pages) and the fact that it is expressed, as are the tariffs of the individual Members of the E.E.C., in the Brussels Nomenclature, comparison with the Irish Customs Tariff is not feasible within the compass of this White Paper. A provisional concordance of the Irish Customs Tariff with the Brussels Nomenclature has been completed. This document has as yet no legal basis, but copies thereof and of the common external tariff are being placed in the Library of the Oireachtas and in the National Library for reference purposes. For the purpose of any negotiations with the E.E.C. the Irish Customs Tariff would have to be transposed into the Brussels Nomenclature.

January, 1957. Progress towards the application of the common external tariff is to be kept in step with the reductions in the internal tariffs. The following programme is laid down in the Treaty:

- (a) Where a duty applied on 1st January, 1957, does not differ by more than 15% in either direction from the duty under the common external tariff, the latter duty shall become applicable on 1st January, 1962.
- (b) In the case of other duties each Member State must on 1st January, 1962, apply a duty which reduces by 30% the difference between the duty applied on 1st January, 1957, and the duty under the common external tariff.
- (c) At the end of the second stage of the transitional period the difference will be reduced by a further 30%.
- (d) The common external tariff is to be applied in its entirety not later than the date of expiry of the transitional period.

29. Provision is made for the grant of permission to a Member State encountering special difficulties to postpone for a limited period the application of the common external tariff to tariff headings which together represent not more than 5% of its total imports coming from countries outside the Community. Furthermore, permission may be granted for the importation of specific quantities of commodities at reduced rates of duty or duty free. These permissions are referred to as tariff quotas.

30. The grant of tariff quotas for non-agricultural products is subject to strict limitations. In the case of certain commodities specified in Lists B, C and D in the Treaty, it must be established that the Member State concerned is unable to obtain adequate supplies from within the Community and that it depends traditionally for its supplies to a considerable extent upon imports from countries outside the Community. For

/certain

certain other commodities specified in Lists E and G it must be established that a change in sources of supply or a shortage of supplies within the Community is of such nature as to entail harmful consequences for the processing industries of the Member State concerned. A further limiting factor is that in all cases the size of the quotas may not be so large as to be likely to damage the interests of other Member States.

31. As regards agricultural products, a Member State may be authorised to suspend in whole or in part the collection of duties or apply a tariff quota at a reduced rate of duty or duty free provided that no serious disturbance in the market for the products concerned is expected to result therefrom.

Acceleration of the above Programmes

32. Power is conferred on the Council, acting by means of a unanimous vote, to amend the provisions of the Treaty relating to the programme of internal tariff reductions. Furthermore, Member States are free to complete the elimination of internal quantitative restrictions and the application of the common external tariff before the end of the transitional period.

33. Having regard to the economic progress already achieved by the Community, the Council decided in May, 1960, to accelerate the programmes as follows:-

Non-Agricultural Products

The aggregate of reductions in duties due to come into effect on 1st July, 1960, was increased from 20% to 30%, the additional 10% reduction to become operative not later than 31st December, 1960. A further decision is to be taken on whether the next 10% reduction due on 1st January, 1962, is to be increased to 20% thereby raising the aggregate of reductions to come into effect on that date to 50%.

On 31st December, 1961, all quantitative restrictions on internal trade in industrial products will be abolished.

Member States were required to undertake at the latest on 31st December, 1960, the first approximation to the common external tariff⁽¹⁾, the approximation to be made on the basis of the common external tariff reduced by 20%, subject to the limitation that the duties to be applied may not thereby be reduced to a level below that shown in the common external tariff.

Agricultural Products

For non-liberalised agricultural products (i.e. those still subject to quantitative restriction) the aggregate of reductions in duties due to come into effect on 1st July, 1960, was raised from 20% to 25%. (No acceleration was applied to liberalised agricultural products).

A slight increase was made on those import quotas for the year 1961 which had been fixed on the basis of a percentage of national output.

The measures for accelerating the approximation to the common external tariff do not apply to agricultural products since a common agricultural policy is envisaged for these.

Common Agricultural Policy (Articles 38 to 47)

34. In many respects the Treaty provides little more than the framework for the establishment of a Common Market and leaves the details to be dealt with subsequently by means of decisions, directives and regulations to be issued by the Council. This is particularly true in the agricultural sector where special difficulties are presented by the independent and often divergent policies hitherto in operation in the Member States.

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(1) Member States of the E.E.C. have issued revised copies of their customs tariffs following the first move to the common external tariff on 31st December, 1960. Copies of these tariffs will be placed in the Library of the Oireachtas and in the National Library as soon as possible.

35. Provision is made for the establishment not later than the end of the transitional period of a common agricultural policy, the aim of which is -

- (a) to increase agricultural productivity by developing technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, particularly labour;
- (b) to ensure thereby a fair standard of living for the agricultural population, particularly by increasing the individual earnings of persons engaged in agriculture;
- (c) to stabilise markets;
- (d) to guarantee regular supplies; and
- (e) to ensure reasonable prices to consumers.

The common organisation of markets for particular agricultural products is to be effected in one of three ways, viz:-

- (i) by adopting common rules concerning competition;
- (ii) by the compulsory coordination of the various national organisations;
- or
- (iii) by the establishment of a European market organisation.

36. To promote increasing trade within the Community pending the establishment of the common organisation of markets, provision is made for the conclusion of long-term agreements between Member States during the first stage of the transitional period. The aim is to abolish progressively in each Member State, any discrimination in favour of domestic producers. The quantities to be covered by the agreements are to be based on the average volume of exchanges between Member States in the three year period preceding the date of entry into force of the Treaty⁽¹⁾ and are to provide for an

/increase

⁽¹⁾The Treaty entered into force on 1st January, 1958.

increase in that volume within the limits of existing requirements, due account being taken of traditional trade. Prices paid to exporting countries are to be approximated progressively to those paid to producers in the importing countries.

37. To moderate the effect on prices of the elimination of customs duties and quantitative restrictions during the preparatory periods leading to the establishment of the common organisation of markets, provision is made for the application of a system of minimum prices to the internal trade of the Community. Under this system, imports below the minimum price may be temporarily suspended or reduced or made conditional on their price being above the minimum price fixed for the product concerned. To prevent the system of minimum prices from being used to obstruct the gradual movement towards a unified market, objective criteria are being drawn up governing the application of the system.

38. As a preliminary to the establishment of a common agricultural policy, provision was included in the Treaty of Rome for the convening of a conference of Member States to formulate the guiding lines of such policy. At the conference, which was held in Stresa in July, 1958, agreement was reached on the following principles:-

- Agriculture must be regarded as an integral part of the economy and a basic factor in the life of the Community;
- The execution of the Treaty must lead naturally to a gradual expansion of trade with the Community; at the same time, attention must be paid to the need of maintaining trade and contractual, political and economic links with non-member countries, and retaining the power to protect the Community from unfair competition from outside;
- Close correlation must be established between the policy adopted to adjust the pattern of agriculture and market policy; the adjustment of the pattern of agriculture must help to equalise costs and to guide production on rational lines; the market policy must be designed to stimulate productivity;

- A balance must be struck between production and market possibilities, bearing in mind potential exports and imports as well as specialisation appropriate to the internal economic structures and natural conditions of the Community;
- The effort thus made to increase productivity should make it possible to apply a price policy which will both avoid over-production and make it possible to remain or to become competitive. At the same time, a policy of aid to the less favourably situated areas or farms will enable the necessary conversions to be made;
- The abolition of subsidies which are contrary to the spirit of the Treaty must be regarded as essential;
- The development of production and demand in the associated countries and territories should be taken into consideration in the framing of the common agricultural policy;
- The improvement of the agricultural pattern must make it possible for the capital and labour employed in agriculture to receive a reward comparable to what they would receive in other sectors of the economy;
- In view of the importance of family farms in European agriculture and the unanimous determination to preserve that family character, every means should be used to strengthen the economic and competitive capacity of family undertakings. The vocational re-distribution of available agricultural labour and the more intensive industrialisation of rural areas would allow the gradual settlement of the problems raised by marginal farms which do not show an economic return.

39. The E.E.C. Commission subsequently drew up their proposals for a common agricultural policy, the final version of which was submitted to the Council on 30th June, 1960. The proposals⁽¹⁾ are at present being examined by the Council whose responsibility it is to settle finally the terms of the common agricultural policy. It is not known when such examination will be completed.

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(1) These proposals are sometimes referred to as "Mansholt proposals" after Dr. S. L. Mansholt, Vice-President of the E.E.C. Commission.

40. The Commission's proposals for a common agricultural policy emphasise the need for improvement in the structure of agriculture in order to bring about the increase in productivity which is considered to be an essential condition for the raising of individual incomes in agriculture. Structural improvements in this context include, in addition to the creation of efficient farm units, the improvement of transport, expansion of schools and higher education, the creation of industrial centres in regions hitherto predominantly rural and the transfer of land from farming to other uses, particularly forestry. Action along three lines is proposed

- the coordination of national policies on the structure of agriculture;
- intervention to persuade Member States to intensify their action and devote sufficient funds to the improvement of the structure of agriculture;
- the granting of financial aid by the Community so as to bring the various programmes for structural improvement into line with the objectives of the common agricultural policy.

41. Financial aid would take the form of grants from a European Fund for Structural Improvements in Agriculture to reduce interest charges or extend the redemption period of loans.

42. The Commission's marketing proposals provide for the completion of the transition to a unified market in agricultural products by 30th June, 1967, subject to certain exceptions: for beef and veal the transition is to be completed by 1st January, 1964 and for wine by 1st January, 1970. The principal lines of action to be followed during the preparatory period would be

- the alignment of prices;
- the coordination of national market organisations;
- the application of provisions for the establishment of a common external tariff;

/the

- the harmonisation of legislation;
- the promotion of intra-Community trade; and
- the coordination of commercial policies towards non-member countries.

43. An important feature of the arrangements proposed for the promotion of intra-Community trade during the preparatory period is a system of levies which was approved in principle by the Council in December, 1960. The object of the system, which will be applied in the first instance to cereals, sugar, pigmeat, eggs and poultry, is to equalise price differences between importing and exporting countries. The levies will apply to imports from third countries as well as to intra-Community trade but the internal levies will be so fixed in relation to the external levies that Community products will enjoy a preference over imports from non-member countries. The internal levies will gradually be reduced according as prices in the Member States become harmonised and will be eliminated before the end of the preparatory periods.

44. Proposals for the organisation of markets for selected commodities at the end of the preparatory period are summarised hereunder.

Wheat and Coarse Grains. There would be a European market organisation for these commodities administered by a European Grain Office. Target prices would be fixed each year. For the purpose of maintaining market prices near the target prices, the Grain Office would be open to purchase home-grown grain at prices below the target prices.

/Imports

Imports from outside the Community would be subject to variable import levies and there would be quantitative control of imports to protect the internal price level. Exports to non-member countries containing imported materials would be entitled to a refund of levy paid on the imported materials. Any loss incurred on the disposal of surplus domestic production outside the Community would be borne by the Grain Office.

Stabilisation Funds at the disposal of the Grain Office would be fed from the proceeds of import levies, transfers from other Funds and, in the case of wheat, producer levies if necessary.

Sugar. There would be a European market organisation for sugar administered by a European Sugar Office. A target price would be fixed each year. Member States would be free to fix a price for sugar beet based on the target price for sugar. For the purpose of maintaining market prices near the target price the Sugar Office would be open to purchase home-produced sugar at prices below the target price. Losses on the disposal of surplus sugar on the world market would be borne by factories and beet producers. To discourage surplus production, provision is made for a system of production quotas. Imports of sugar and sugar products from outside the Community would be subject to variable import levies and there would be quantitative control of imports to protect the internal price level. Exports to non-member countries containing imported sugar would qualify for a refund of the levy paid on the imported sugar and of any internal fiscal charges. In addition, exports containing home-produced sugar would be entitled to corresponding concessions.

A European Sugar Fund at the disposal of the Sugar Office would be fed from the proceeds of import levies, transfers from other Funds and, if necessary, levies on sugar beet producers.

Milk. There would be a European market organisation for milk. A target price would be fixed each year which would constitute the basis for determining an intervention price for butter and for fresh milk delivered from dairies. To prevent the market price for milk from falling below the target level by more than a specified amount, the European Milk Office would be open to purchase home-produced butter at the intervention price.

Imports of milk products from outside the Community would be subject to variable import levies and quantitative control of imports to protect internal prices.

There would be a European Milk Fund at the disposal of the Milk Office which would be fed from the proceeds of import levies, transfers from other Funds and, if necessary, contributions from Member States. If in any year additional moneys were required and the Council should refuse to grant them, the intervention price would have to be revised or financial contributions obtained from producers.

Meat. There would be compulsory coordination of various national market organisations for meat, excluding mutton and lamb. A European Office for Meat and Eggs would administer the common policy.

For beef, veal and cattle, there would be no target prices but market prices would be maintained by means of tariffs on imports from third countries and, if necessary, compensating levies related to minimum import prices. Imports of frozen beef would be subject to quantitative

/control

control. Price formation on the Community market would be free but measures such as stockpiling or assistance for exports to non-member countries might be adopted to stabilise prices.

For pigmeat and poultry the arrangements would be similar to those for beef with tariff protection and, if necessary, compensating levies related to minimum import prices. Provision is made also for variable levies to offset the higher prices of feed grains within the Community. To assist exports of meat and livestock to non-member countries exporters would receive payments equivalent to the charges on imports.

Stabilisation Funds into which the respective levies would be paid would be established for beef, pigmeat and poultry. The Funds would receive also moneys from the Coarse Grains Fund to compensate exporters of animal products for the levies on imported feed grains used in their production. Transfers from other Funds might also be made.

Eggs. There would be compulsory coordination of the various national market organisations for eggs. The European Meat and Eggs Office would administer the common policy. Prices would be maintained by means of tariffs on imports from non-member countries and compensating levies related to minimum prices. Provision is made also for variable levies to offset the higher prices of feed grains within the Community. Trade within the Community would be free, prices being determined by the market.

To assist exports to non-member countries, exporters would receive payments equivalent to charges on imports.

A Stabilisation Fund would be created to compensate exporters on imported feed grains used in the production of eggs. The Fund would be fed from the proceeds of

levies on imports and from payments from the Coarse Grains Fund. Transfers from other Funds might also be made.

Fruit and Vegetables. The market organisation for fruit and vegetables would consist of common rules governing competition which would deal with commercial practice, standard contracts and sales methods. Protection from competition from outside the Community would be afforded by customs duties and, if necessary, quantitative control of imports. Provision is made also for the withholding of supplies from the domestic market in conditions of over-supply.

45. The trend and pattern of agricultural production in the Common Market will depend largely on market policy and on the level of agricultural prices. Taking account of the fact that the conditions of production and the characteristics of farms in the Community differ from those in extra-European countries which are large-scale agricultural exporters, the aim is to stabilise prices at a level above present world market prices which are subject to wide fluctuations and frequently distorted by artificial measures. Particulars of the prices ruling in 1958/59 and 1959/60 for important agricultural commodities in various Western European countries, including the members of the EEC, are given in Appendix II. Details of production, net trade and supply of selected agricultural products in Western Europe in 1948/52 and 1952/58 are given in Appendix III.

Derogations from the provisions of the Treaty (Article 226)

46. 'If, in the course of the transitional period, a Member State encounters serious difficulties which are likely to persist in any sector of economic activity or difficulties which may seriously impair the economic situation in any region, it may apply to the Commission for permission to take measures to restore the situation and adapt the sector concerned to the Common Market economy. The Commission is empowered to determine the measures necessary which may include derogations from the provisions of the Treaty of limited extent and duration.

Other Harmonisation Provisions of the European Economic Community (Article 3)

47. In addition to the elimination as between Member States of customs duties and quantitative restrictions, the establishment of a common external tariff and the introduction of a common agricultural policy, provision is made in the Treaty of Rome for a wide range of measures aimed at effecting a complete fusion of markets. These measures, which are likewise required to be completed within the transitional period, include -

- (a) the establishment of a common commercial policy towards non-member countries;
- (b) the abolition as between Member States of obstacles to the free movement of persons, services and capital;
- (c) the inauguration of a common transport policy;
- (d) the establishment of a system ensuring that competition will not be distorted in the Common Market;
- (e) the application of procedures for the coordination of the economic policies of Member States and the remedying of disequilibria in their balances of payments;
- (f) the approximation of the law of Member States to the extent necessary for the functioning of the Common Market;
- (g) the creation of a European Social Fund to improve the possibilities of employment for workers and to contribute to the raising of their standard of living;

/(h)

- (h) the establishment of a European Investment Bank to facilitate the economic expansion of the Community through the creation of new resources;
- (i) the association of overseas countries and territories with the Community with a view to increasing trade and to pursuing jointly their effort towards economic and social development.

Common Commercial Policy (Articles 110 to 116)

48. During the transitional period, Member States are required to coordinate their commercial relations with non-member countries in such a way as to bring about by the end of the transitional period the conditions necessary to the implementing of a common external trade policy. Tariff negotiations with non-member countries will be undertaken by the Commission on the authority of the Council and concluded by the Council on behalf of the Community. Member States are required to aim at securing uniformity between themselves at as high a level as possible of their liberalisation lists (i.e. lists of imports free of quantitative restrictions) in regard to non-member countries.

49. During the transitional period also, measures to aid exports to non-member countries will be progressively harmonised.

50. After the expiry of the transitional period, uniform principles will apply to tariff amendments, the conclusion of tariff or trade agreements, the alignment of measures of liberalisation, export policy and protective commercial measures. All commercial agreements with non-member countries will be negotiated by the Commission under the authority of the Council and will be concluded by the Council on behalf of the Community.

Free movement of persons, services and capital (Articles 48 to 73)

51. The Treaty provides for the free movement of workers within the Community and to this end the abolition of discrimination based on nationality between workers of Member States. It is also provided that for the purpose of the grant of social security benefits to migrant workers and their beneficiaries, all

periods taken into consideration by the respective domestic law of the countries concerned will be added together and that these benefits will be paid to persons resident in territories of member countries.

52. Proposals made by the Commission define the right of workers from a Member State when they enter, reside in or are employed in another Member State and provides for the setting up of clearing machinery for employment offers and applications and the grant of priority to the Community labour market. Other objectives of the proposals are the promotion of co-operation of the national administrations with each other and the Commission and the initiation of the first measures towards the elimination of administrative procedures and practices which hinder the free movement of manpower. These proposals have yet to be approved by the Council.

53. The Treaty prescribes the progressive abolition in the course of the transitional period of restrictions on the freedom of establishment of nationals of a member country in the territory of another member country. Freedom of establishment covers the setting up of enterprises, companies, branches, subsidiaries, etc., the carrying on of non-wage-earning (professional) activities and, subject to certain provisions in respect of agricultural land, the acquisition and exploitation of real property. The Council is empowered to lay down a general programme for the abolition of restrictions on the freedom of establishment.

54. During the transitional period there is to be progressive abolition of restrictions on the supply of services within the Community by nationals of Member States who are established in a country of the Community other than that of the person to whom the services are supplied. Services are defined as those normally provided for remuneration, other than those governed by the provisions relating to the free movement of goods, capital

/and

and persons, and include activities of an industrial or commercial character, artisan activities and activities of the liberal professions.

55. The Commission has formulated two general programmes for the abolition of restrictions on the freedom of establishment and the free supply of services. These programmes, which are at present before the Council, review the various conceptions of establishment and services, list the restrictions to their liberalisation and provide for a time-table for the attainment of liberalisation.

56. Provision is made for the progressive abolition, during the transitional period and to the extent necessary for the proper functioning of the Common Market, of restrictions on the movement of capital belonging to persons resident in Member States and also of any discriminatory treatment based on the nationality or place of residence of the parties or on the place in which such capital is invested.

57. In accordance with a decision of the Council, Member States are required to liberalise capital movements connected with the freeing of trade, services and the movement of persons, as well as with the free exercise of the right of establishment. Member States are required also to remove restrictions on capital movements related to purchases and sales of securities quoted on stock exchanges. A similar obligation applies to the issue or placing of securities and the acquisition of securities not quoted on stock exchanges but in the case of such transactions a Member State may retain or re-establish restrictions if the result of their abolition would be to hinder the achievement of its economic policy aims.

58. The Council will decide on the measures to be taken for the progressive coordination of the exchange control policies of Member States in respect of the movement of capital between such States and non-member countries.

Common Transport Policy (Articles 74 to 84)

59. The aim is a common transport policy covering transport by rail, road and inland waterway. To this end the Council is empowered to lay down:

- (a) common rules applicable to international transport effected from or to the territory of a Member State or crossing the territory of one or more Member States;
- (b) conditions for the admission of non-resident carriers to national transport services within a Member State; and
- (c) any other appropriate provisions.

By unanimous vote the Council may make appropriate provisions for sea and air transport.

Common rules governing competition (Articles 85 to 94)

60. The Treaty prohibits any agreements, decisions or concerted practices likely to affect trade between Member States which have as their object the prevention, restriction or distortion of competition within the Common Market. There are prohibitions also to prevent an enterprise from taking improper advantage of a dominant position to impose trading practices and restrictions contrary to Community interests. The application by public enterprises of discriminatory practices based on nationality or having as their object the prevention, restriction or distortion of competition within the Common Market is likewise prohibited.

61. Provision is included in the Treaty for the making of regulations by the Council on the application of the principles outlined in the preceding paragraph. It is understood that proposals in this respect are at present under examination.

62. To prevent dumping practices the Commission, at the request of a Member State or any other interested party, may issue recommendations to the originator or originators of such

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practices with a view to terminating them. If such practices continue, the Commission can authorise the injured country to take appropriate protective measures.

63. State aids which distort or threaten to distort competition are, to the extent to which they adversely affect trade between member countries, deemed to be incompatible with the Common Market. Excluded from the prohibition are certain aids such as those designed to promote the economic development of regions where the standard of living is abnormally low or where serious under-employment exists, and aids to facilitate the development of certain activities or of economic regions, provided that they do not change trading conditions to such a degree as would be contrary to the common interest. All State aids are subject to the scrutiny of the Commission which is empowered to adjudicate thereon and to require abolition or modification of any aid found to be incompatible with the Common Market.

64. The Council is empowered to make regulations covering the application of the provisions of the Treaty relating to State aids and exemptions.

65. In relation to agricultural trade within the Community the Commission has proposed the setting up of a group to examine export aids which would be guided by the principle that the abolition of such aids should take place in step with the dismantling of tariffs and quotas and the establishment of a common market organisation.

66. The programme for the reduction of customs duties covers revenue duties as well as protective duties but Member States are permitted to substitute internal taxes for revenue duties. A Member State may not, however, impose, directly or indirectly on the products of another Member State any internal charges of any kind in excess of those applied directly or indirectly to like domestic products, or any internal charges of such a

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nature as to afford indirect protection to other products.

67. Provision is made for consideration by the Commission of the ways in which the laws of Member States relating to indirect taxation may be harmonised.

Co-ordination of Economic Policies (Articles 103 to 109)

68. Member States are required to consider their respective policies relating to economic trends as a matter of common interest and to consult with each other on measures to be taken in response to current circumstances. The Council is empowered to decide on measures appropriate to the situation and on the means of applying them.

69. Each Member State is required also to pursue an economic policy which will ensure the equilibrium of its overall balance of payments and to maintain confidence in its currency while ensuring a high level of employment and stability of prices. In order to attain these objectives, Member States are obliged to co-ordinate their economic policies and to arrange for collaboration between effective government agencies and control banks.

70. Member States are also expected to treat their respective policies regarding exchange rates as a matter of common interest. Furthermore, they are obliged to authorise any payments connected with the exchange of goods, services or capital and also any transfers of capital and wages, to the extent that the movement of goods, services, capital and persons is freed by the Treaty. There is a prohibition against the introduction of restrictions on transfers connected with an extensive list of invisible transactions.⁽¹⁾

(1) The only such restriction in Ireland is that on certain transfers relating to insurance transactions.

71. Provision is made for dealing with balance of payments difficulties. The Commission may recommend corrective measures. If such measures prove inadequate, the Council may grant assistance in such forms as (a) concerted action in any other international organisations to which the Member States may have recourse, (b) any measures necessary to avoid diversions of commercial traffic where the State in difficulties maintains or re-establishes quantitative restrictions on imports from non-member countries, (c) the granting of limited credits by other Member States and (d) special reductions of duties or enlargement of quotas during the transitional period. Failing such assistance, the Commission may authorise the country concerned to take specific measures of safeguard. In circumstances of sudden crisis a Member State may take the necessary measures of safeguard, subject to subsequent approval by the Council.

Approximation of laws (Articles 100 to 102)

72. The Council is empowered to require the approximation of such legislative and administrative provisions of the Member States as have a direct bearing on the establishment or functioning of the Common Market. Provision is made for the elimination of disparities existing between the laws and administrative practices of Member States which distort conditions of competition in the Common Market.

European Social Policy (Articles 117 to 128)

73. In the field of social policy the aim of the Treaty is to promote the improvement of the living and working conditions of labour so as to permit of the equalisation of such conditions in an upward direction and to this end to promote close collaboration between Member States particularly in matters relating to employment, legislation and working conditions, occupational and continuation training, social security, protection against occupational accidents and disease, industrial hygiene and the law relating to trade unions and collective bargaining between employers and workers. The Commission has undertaken extensive investigations into these matters by means of studies, consultations, surveys, etc., which in due course will, it is expected, lead to the formulation of opinions by the Commission as provided for in the Treaty.

74. Each Member State is required, in the course of the first stage of the transitional period, to ensure and subsequently maintain the application of the principle of equal remuneration for equal work as between men and women workers. The application of this principle is one of the points included in the Community's plans for accelerating the implementation of the Treaty. In accordance with this objective the Commission has sent to Member States a formal recommendation giving its interpretation of the relevant provisions of the Treaty and indicating how such interpretation should be applied as from 30th June, 1961. Briefly, the Commission lays down that the principle of equal remuneration excludes sex from the criteria by reference to which wages may be fixed but that all the other customary criteria such as skill, age, seniority and family status can continue to be taken into consideration. The economic yield of female work may be taken into consideration only for piece work, bonuses and so on, but not for time work.

75. In order to improve opportunities of employment for workers and thus contribute to the raising of the standard of living the Treaty established a European Social Fund financed by contributions of Member States. Its task is the promotion of employment facilities and of geographical and occupational mobility of workers. The Fund provides fifty per cent of the cost of:-

- (a) ensuring productive re-employment of workers by means of occupational re-training and of re-settlement allowances; and
- (b) granting aids for the benefit of workers whose employment is temporarily reduced or wholly or partly suspended as a result of the conversion of their enterprise to other forms of production, in order that they may maintain the same wage level pending their full re-employment.

European Investment Bank (Articles 129 and 130)

76. The function of the Bank, the capital of which is financed by the Member States but which has borrowing powers, is to provide capital for the balanced and smooth development of the Common Market by granting loans and guarantees on a non-profit-making basis to facilitate the financing of the following types of projects:-

- (a) projects for developing less developed regions;
- (b) projects for modernising or converting enterprises or for creating new activities which are called for by the progressive establishment of the Common Market, where such projects by their size or nature cannot be entirely financed by the various means available in each of the Member Countries; and
- (c) projects of common interest to several Member States, which by their size or nature cannot be entirely financed by the various means available in each of the Member Countries.

Institutions of the European Economic Community

77. The institutions of the E.E.C. are the Assembly, the Council, the Commission and the Court of Justice.

78. The Assembly is composed of delegates appointed by the parliaments of the member States from among their members. It is essentially a consultative body but it has the power to dismiss the Commission by way of a vote of censure adopted by a two-thirds majority and the Commission must reply to any questions it receives from either the Assembly or its members.

79. The Assembly is to draw up proposals for elections to it from the member States by direct universal suffrage. The Council will decide by unanimous vote what provisions to recommend for adoption by the Member States for this purpose.

80. The Council consists of a representative of the Government of each Member State. Broadly speaking, the Council is the governing body of the Community and it is in the Council that the views of the individual Governments can be most effectively expressed and discussed. Its specific function is to "ensure the coordination of the general economic policies of the member States" and for this purpose it has the power of decision.

81. In most cases, the Council can act only on the basis of a proposal by the Commission. Decisions are taken either by a unanimous or by a majority vote depending on the issue involved and the stage reached by the Community, the system of majority vote becoming progressively more frequent. In most cases in which a majority vote is prescribed the decision is taken by a "qualified" majority. For this purpose the votes of the members are weighted. As the Council is at present constituted Germany, France and Italy have a weighting of four each, Belgium and the Netherlands of two and Luxembourg of one. A qualified majority consists of either twelve votes (out of seventeen) or of twelve votes drawn from not less than four member States, depending on the circumstances in which a decision is taken.

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82. The Commission is responsible for the continuous administration of the Community and forms in a certain sense a counterweight to the Council, being required to deal with matters from an over-all Community point of view. It consists of nine members and may not include more than two members of the same nationality. The members of the Commission are appointed by the member Governments for a period of four years but they are to perform their duties in the general interest of the Community with complete independence and may not seek or accept instructions from any Government or other body. Its deliberations are conducted on the majority principle.

83. The functions of the Commission are -

- (1) to ensure the application of the provisions of the Treaty;
- (2) to formulate recommendations or opinions as provided in the Treaty or where the Commission considers necessary;
- (3) to decide matters lying within its competence and participate in the preparation of acts of the Council and of the Assembly;
- (4) to ensure, within the limits of the powers conferred by the Council, the implementation of the rules laid down by the Council.

84. The Commission represents the Community in the Assembly, in the Court of Justice and in negotiations with non-member countries.

85. The Court of Justice consists of seven judges appointed by the Governments of the member States. Its function is to ensure the observance of law and justice in the interpretation and application of the Treaty. Its competence extends to disputes between member States and between member States and the organs of the Community and to the hearing of appeals brought

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by a member State, the Council, the Commission or any individual or body corporate in respect of matters covered by the Treaty.

86. A subsidiary institution, but one none the less of considerable importance, is the Economic and Social Committee composed of persons drawn from each of the member States representative of various categories of economic and social life such as producers, transport operators, workers, merchants, artisans, and the liberal professions. The members are appointed by the Council for a term of four years.

87. The Committee must be consulted by the Council and by the Commission on certain matters, including the formulation of proposals for common policies in agriculture and transport.

88. Other subsidiary bodies established under the Treaty include the Monetary Committee which has a consultative status in connection with monetary and financial questions, and a committee with a similar status which is to advise the Commission on transport questions.

89. On the same date as they signed the Treaty establishing the E.E.C., the Six Powers concerned also signed a "Convention relating to certain institutions common to the European Communities". The object of this Convention, inspired by the desire "to avoid a multiplicity of institutions responsible for the achievement of similar aims within the European Communities which they have constituted", was "to create for these Communities certain single institutions". The Communities in question are the European Economic Community (E.E.C.), the European Coal and Steel Community (E.C.S.C.) and the European Atomic Energy Community (Euratom).

90. The E.C.S.C., established by a Treaty of 1951 (see para.10 above) has as its principal aim the creation of a common market for coal and steel. Euratom was established by a Treaty signed

in Rome on the same date as the E.E.C. Treaty, and has as its principal aim the coordination of nuclear research and development in Member States.

91. The Convention of 25th March, 1957, gave to these three Communities a common Assembly, constituted as laid down in the Rome Treaty. It likewise made the Court of Justice, for which the Rome Treaty provides, common to the three Communities. Finally, it provided that the Economic and Social Committee established under the Rome Treaty should likewise serve Euratom.

Houses of the Oireachtas

IV.

Forms of participation in the E.E.C.

92. The Treaty of Rome contains provision for membership of the Community or for the association with it of additional countries.

93. Admission of members is governed by Article 237 of the Treaty which is worded as follows:-

"Any European State may apply to become a member of the Community. It shall address its application to the Council which, after obtaining the opinion of the Commission, shall act by means of a unanimous vote.

"The conditions of admission and the adaptations^x to this Treaty necessitated thereby shall be the subject of an agreement between the Member States and the applicant State. Such agreement shall be submitted to all the contracting States for ratification in accordance with their respective constitutional rules."

94. While Article 237 of the Treaty has not yet been applied and there is thus no jurisprudence in the matter, all authoritative comment as well as the actual text suggest that the possible adaptations to the Treaty on accession of a new member would not be such as to modify in any important respect the basic provisions of the Treaty.

95. Membership would entail acceptance of the principles and obligations of the Treaty. It would at the same time give a voice in the formulation of policies and ensure access on a footing of equality to a large and growing market with the prospect of sharing in the benefits which would flow from the

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* "amendments" appears in the English text but "adaptations" is a more correct rendering of the official text.

progressive achievement of the aims of the Community, viz., a harmonious development of economic activities, a continuous and balanced expansion and an accelerated increase in the standard of living. Membership would also render possible recourse to sources of assistance such as the European Investment Bank, the European Social Fund and the European Fund for Structural Improvements in Agriculture.

96. Association is governed by Article 238 of the Treaty which is worded as follows:-

"The Community may conclude with a third country, a union of States or an international organisation agreements creating an association embodying reciprocal rights and obligations, joint actions and special procedures."

97. This provision leaves room for a wide variety of forms of association ranging from a commercial treaty to a link capable of leading to membership. It is to be noted that by contrast to membership, for which only European States are eligible, there is no geographical limitation on association.

98. There is as yet no established doctrine covering association which would serve as a guide to countries seeking such status. Only one country, Greece, has so far negotiated an agreement for association. The agreement has not yet been concluded and its text has not been published but such information in regard to its terms as is available is contained in Appendix IV.

99. From what is known of the Greek agreement it would appear that a country establishing an association with the E.E.C. in the form of a customs union might expect to obtain some extension of the standard transitional period for the

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elimination vis-a-vis the Community of customs duties and quantitative restrictions on sensitive commodities. An extended transitional period might apply to such matters as the free movement of persons, services and capital, the adoption of common rules of competition, etc. Limited tariff quotas might be obtainable for the importation of commodities from countries outside the E.E.C. at reduced rates of duty or duty-free.

100. It is not clear what association would entail in relation to agriculture or to what extent and at what stage the exports of an associating country to the Community might be brought within the scope of the common agricultural policy. In the case of certain agricultural products of major interest to the Greek economy, the Community appear to have agreed to grant broadly the treatment that applies to the same products originating in Member States. On this analogy, a new applicant for association might expect special treatment for its more important agricultural products.

101. The extent to which a new associate might have access to the financial institutions of the Community (the European Investment Bank, the European Social Fund and the European Fund for Structural Improvements in Agriculture) cannot be predicted. Greece has obtained limited access to the European Investment Bank.

102. The influence which an associate would be able to exert on the formulation and modification of Community policies would of course be determined by the provisions of the relevant agreement of association. It could not be expected to be as significant as that of a member.

Statistical and other Data.General Trade

103. Ireland's external trade with the various areas of the world in 1959 and 1960 was as follows:

	<u>Ireland's External Trade</u>			
	<u>1959</u>		<u>1960</u>	
	<u>Imports</u>	<u>Exports</u>	<u>Imports</u>	<u>Exports</u>
	<u>£ million</u>			
United Kingdom	109.9	96.4	112.3	112.5
EEC	26.5	6.2	29.3	8.7
EFTA (excluding U.K.)	6.8	1.6	7.3	1.9
Dollar Area	22.2	13.2	24.6	14.1
All other areas	47.2	13.4	52.9	15.2
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Totals	212.6	130.7	226.4	152.4
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104. Imports exceeded exports by £74.0 million in 1960. With the exception of the United Kingdom our trade with virtually every country showed an excess of imports over exports. Exports to the United Kingdom exceeded imports from that area by £0.2 million. The import excess with the other areas in 1960 was as follows:

	<u>£ million</u>
EEC	20.6
EFTA (excluding U.K.)	5.4
Dollar Area	10.5
All other areas	37.6

Trade with the United Kingdom

105. The figures given in paragraph 103 illustrate the importance of the position which the United Kingdom holds in Ireland's trade. In 1960 74 per cent of Ireland's exports went to the United Kingdom and 50 per cent of Ireland's imports came from there. Trade between the two countries is governed by the Trade Agreements of 1938, 1948 and 1960. Broadly speaking the aim of these Agreements is to maintain and strengthen the special trade relationship between the two countries. They provide generally for preferential tariff treatment of British goods. In exchange, Irish goods with a few exceptions enjoy freedom from quantitative restriction and from import duty on entry to the British market; Irish store cattle and store sheep fattened in the United Kingdom qualify for guaranteed prices linked to the prices guaranteed for British bred cattle and sheep and some agricultural exports enjoy contractual tariff advantages over similar goods imported from outside the Commonwealth. The right to duty free entry involves for many classes of Irish exports very significant tariff advantages over similar goods of non-Commonwealth origin where such non-Commonwealth goods are dutiable on entry into the United Kingdom. Most Irish exports of manufactured goods enjoy tariff advantages of this kind and this factor has contributed substantially to the expansion of Irish industrial exports in recent years. Exports to the United Kingdom of industrial goods on which Ireland has a tariff preference amounted to £26.6 million in 1959 and £28.4 million in 1960.

106. The United Kingdom's participation in the European Free Trade Association (EFTA) involves the elimination vis-a-vis the EFTA countries of the preferential advantages which Irish industrial exports enjoy in the United Kingdom market.

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Moreover, where Irish industrial exports are dutiable on entry into the United Kingdom the tariff reductions made by the United Kingdom in favour of the EFTA countries will in time give similar EFTA goods a more favourable position.

107. The provisions of the EFTA Convention relating to tariff reductions do not apply to agricultural products but bilateral agreements concluded between some of the Member States provide for tariff reductions on some agricultural products and these reductions are extended to all the EFTA countries.

Trade with EEC countries

108. Ireland's trade with the Member States of EEC in 1959 and 1960 was as follows:

	<u>1959</u>		<u>1960</u>	
	<u>Imports</u> £	<u>Exports</u> £	<u>Imports</u> £	<u>Exports</u> £
Belgium	3,945,500	906,300	4,480,400	1,260,300
France	3,492,900	915,200	4,564,500	1,178,000
Germany (Fed. Rep.)	10,493,700	2,447,300	11,892,600	3,712,900
Italy	1,962,600	775,000	2,113,300	1,456,100
Luxembourg	242,300	600	247,800	300
Netherlands	6,317,700	1,108,600	6,042,500	1,110,200
Totals	<u>26,454,700</u>	<u>6,153,100</u>	<u>29,341,200</u>	<u>8,717,900</u>

Exports to the Member States have increased in recent years rising from £4.9 million in 1955 to £8.7 million in 1960. Imports from these countries rose over the same period from £23.7 million to £29.3 million.

109. In 1960, Ireland's exports of agricultural products to the EEC were of the order of £3.1 million and consisted mainly of live cattle, beef and other meat products.

Industrial raw materials, principally copper ore, scrap metal and wool accounted for £2.0 million and manufactured goods for £3.7 million.

Taxation data

110. The percentages of the revenue in each of the Member States of the E.E.C. and in Ireland raised by direct and indirect taxation are shown in Appendix V.

Houses of the Oireachtas

Irish Revenue Duties

Tariff Ref.No.	HEAD OF DUTY
11	Asphalt, etc.
18/11	Beer
31/1	Bottles and Jars (not otherwise liable to duty)
50/1	Tiles of clay, etc. (not otherwise liable to duty)
54/3	Cider and Perry
67	Customs Entry Duty
93) and) 93/1)	Dried Fruit
96/1	Grapes
98	Fruit tinned in syrup
147/1	Matches
154	Motor Vehicles
158/1	Gramophone Records, etc.
159/1	Newspapers
161/5	Edible Nuts
164/2	Mineral Hydrocarbon Light Oil
164/10	Hydrocarbon Oil, other sorts
168	Wallpaper
169	Unprinted paper
*170/5	Periodicals, etc.
*171/5	Photographic apparatus and component parts
*171/7	Sensitized photographic film
209/1) to) 223)	Spirits
229	Starch and Dextrin
230/8	Propelling and sliding pencils and component parts
243/1	Sugar etc., Articles
246	Table Waters
248/1	Tea
251/9	Tobacco
265	Wine

*Full particulars of these duties are given in Public Notices Nos. 900 and 901 issued by the Revenue Commissioners. Full particulars of the other duties referred to are given in the Customs and Excise Tariff.

Prices Paid to Producers in Selected Western European Countries for the Main Agricultural Products 1958/59 and 1959/60

(N.B. It should be borne in mind that factors such as differences in quality, in methods and points of sale and distortions arising out of monetary conversion limit the comparability of the following data).

Country	WHEAT		FEEDING BARLEY		BREWING BARLEY		SUGAR BEET				CATTLE		PIGS		HEN EGGS		MILK					
	Weighted average price for all types and all sales		Average annual prices		Average annual prices		Average prices realised over the whole season				Weighted average price for all types and grades of beef cattle (excluding calves) per cwt. liveweight		Weighted average price of all grades per score liveweight		Weighted average price for all types of sales per dozen		Average annual price for milk delivered to creameries for all forms of utilization					
	per cwt.		per cwt.		per cwt.		Price per ton		Average suger content		per cwt. liveweight		per score liveweight		per dozen		Price per gallon		Average fat content			
	1958/59	1959/60	1958/59	1959/60	1958/59	1959/60	1958/59	1959/60	1958/59	1959/60	1958/59	1959/60	1958/59	1959/60	1958/59	1959/60	1958/59	1959/60	1958/59	1959/60	%	%
Austria	s. d. 34.11	s. d. 34.11	s. d. 26.6	s. d. 26.6	s. d. 32.1	s. d. 32.1	s. d. 95.10	s. d. 106.8	15.88	17.30	137.11	145.10	s. d. 33.2	s. d. 33.3	s. d. 2.7	s. d. 2.9	s. d. 2.5	s. d. 2.5	3.5	3.5		
Belgium	33.10	34.1	27.5	27.1	29.11	28.3	92.11	128.5	15.4	16.0	147.3	154.11	28.8	31.6	3.7	3.5	2.0	2.1	3.0	3.0		
Denmark	25.10	26.3	23.10	24.2	-	-	90.0	90.9	16.7	18.0	113.6	111.5	29.5	27.7	2.4	2.3	1.11	2.1	4.19	4.17		
France	24.10	28.1	21.5	23.11	22.11	25.4	73.4	112.6	-	-	144.1	139.8	-	-	3.2	3.1	2.0	-	3.4	-		
Germany (F.R.)	36.4	36.9	32.4	32.2	36.10	36.8	122.8	140.1	15.78	17.8	166.3	168.11	37.2	36.9	3.10	3.6	2.8	2.8	3.69	3.74		
Ireland	24.11	30.0	20.1	18.6	27.10	27.3	134.3	137.11	15.46	16.36	135.10	128.8	31.1	31.1	3.1	3.1	1.9	1.9	3.57	3.51		
Italy	38.2	38.0	24.11	28.6	-	-	108.10	95.1	-	-	186.9	188.5	35.8	36.4	4.0	3.10	2.4	2.5	3.5	3.5		
Netherlands	27.7	29.0	23.8	24.7	26.2	27.0	99.5	111.9	15.85	17.39	-	-	30.6	28.4	2.7	2.5	2.7	2.7	3.7	3.7		
Norway	42.2	45.8	29.10	33.0	-	-	-	-	-	-	154.11	159.6	33.5	34.2	3.5	3.3	3.4	3.5	4.03	4.05		
Sweden	31.6	30.0	25.9	28.4	27.2	28.5	107.5	124.1	16.65	18.12	171.10	176.9	36.1	-	2.11	3.1	2.8	2.10	3.82	3.83		
Switzerland	55.8	56.10	-	-	37.3	37.3	113.11	144.5	14.67	17.36	184.8	186.4	48.3	46.9	4.8	4.10	3.4	3.2	3.85	3.84		
United Kingdom	27.6	26.11	20.6	19.8	23.4	21.10	121.2	137.11	15.08	17.4	144.1	144.5	33.9	32.6	3.11	3.8	3.2	3.2	3.78	-		

NOTES

WHEAT: Austria: Equals fixed price; Denmark: Average price obtained by farmers in sales under the Corn Scheme; France: For 1958/59, weighted average price (less taxes and quality allowance) in accordance with monthly deliveries and allowing for the bi-monthly increase of the crop conservation premium; Germany (F.R.): Weighted annual average of prices received by 6,000 farms spread over the country; Italy: Average of government and free market prices for soft and durum wheat; Norway: Including storage premia; Switzerland: 1959/60 price includes a subsidy; United Kingdom: Including deficiency payments and before deduction of marketing expenses.

FEEDING BARLEY: Denmark: Prices relate to barley for all uses; France: Basic producer price for one cwt. of fair and marketable barley (specific weight 1.34 - 1.38 cwt.). A premium up to approximately 1s. 5d per cwt. may be paid for quality malting barley; the exact amount is freely determined by the parties to the sale. The above prices include this premium and therefore represent maximum prices. Taxes amounting to approximately 1s. 3d - 1s. 5d per cwt. should be deducted; Italy: Prices relate to barley for all uses; Netherlands: Prices include premia paid to growers on light soils apportioned over total production; Norway: Quantities sold for livestock feeding are small; greater part of production sold for human consumption at a higher price - 1958/59, 32s. 6d per cwt., 1959/60, 35s. 5d per cwt. Switzerland: Crop only used on farms; sales are rare; United Kingdom: Excluding deficiency payments.

BREWING BARLEY: France: Maximum price; see note on Feeding Barley; Netherlands: See note on Feeding Barley; Switzerland: 1959/60 price includes a subsidy; United Kingdom: Excluding deficiency payments; covers all human and industrial use.

SUGAR BEET: Ireland: Price includes freight subsidy; United Kingdom: Price before deduction of marketing expenses. Sugar beet pulp is returned to producers under the following conditions:

Belgium - Approximately 12 cwt. of pulp per ton of sugar beet are returned free to producers.

Denmark - Pulp is returned free to producers.

Germany (F.R.) - Sugar factories return about 4.5 per cent of the weight of the delivered beets in the form of dehydrated chips free of charge.

Ireland - Pressed wet pulp may be purchased by beet growers at the approximate price of £1 per ton ex factory.

Italy - Producers have the right to obtain fresh pulp free of charge (with 6 per cent of dried matter) up to 55 per cent of the weight of the beets delivered. In addition, they can buy other quantities from the factory at a price which must not exceed approximately 5s. 6d per ton.

Netherlands - The price of wet pulp ex sugar mill was 17s. 6d per ton in 1958/59 and 1959/60. Wet pulp is not returned free to producers but sold by the factories.

Sweden - The producers pay a price lower than the market price for wet pulp.

United Kingdom - Pulp is sold to producers in various forms. Prices for wet pulp in 1958/59 and 1959/60 ranged from 12s. 6d to 22s. 6d per ton ex factory. Freight assistance is given.

CATTLE: France: Average annual price of all cattle (excluding calves) calculated on the basis of the following proportions. Extra quality - 13%, first quality - 23%, second quality - 42%, third quality - 22%. Ireland: Prices of fat cattle at Dublin market calculated on the basis of the following proportions: Bullocks - 60%, Heifers - 30%, Cows and Bulls - 10%. United Kingdom: Total return prices including subsidy.

PIGS: Denmark: Converted from carcass weight at approximately 73%. Prices include returns distributed at the end of the year to shareholders according to their deliveries to the Co-operatives. Ireland: Prices at markets for bacon pigs and porkers. United Kingdom: Total return prices for baconers (including subsidy) converted from deadweight at 73%.

HEN EGGS: Austria: Average annual price received from wholesalers. Denmark: Average prices paid by the Farmers Co-operative Egg Export Association (30 - 35% of total production). It is assumed that private wholesale dealers pay on average the same price as the Association. Ireland: Unweighted average annual prices paid to producers by wholesalers; excluding Dublin market. United Kingdom: Hen and duck eggs, including subsidy.

MILK: Austria: Price includes government subsidy. Denmark: Estimated average value ex dairy for milk used for butter production. The farmer's price is about 1 $\frac{3}{4}$ d. - 2 $\frac{1}{4}$ d. lower per gallon. Ireland: Average annual (calendar year) prices paid to producers for milk delivered to creameries i.e. for manufacturing purposes. Prices include imputed value of returned skim milk. Norway: Including subsidy. Switzerland: 1959/60 price includes subsidy. United Kingdom: Sales through milk marketing boards and direct retail sales. Including subsidy, production bonus, T.T. and "accredited" premium and special services premium (e.g. Channel Islands milk, homogenized milk).

Skim milk returned to producers at following prices:-

Denmark - In 1958/59 - 6.9d per gallon; in 1959/60 - 6.8d. per gallon.

Germany (F.R.) - In 1958/59 - 4.4d. per gallon; In 1959/60 - 4.6d. per gallon.

Ireland - Farmers are entitled - when they sell their butter fat only to a creamery - to a return, free of charge, of skim milk equivalent to about 80 per cent of the whole milk delivered.

Norway - Approximately 6d. per gallon in 1958/59 and 1959/60.

Switzerland - Skim milk is returned free.

United Kingdom - Skim milk is not returned to producers other than at market prices.

SOURCE: Based on the UN/FAO "Prices of Agricultural Products and Fertilizers in Europe - 1959/60".

Production, net trade and supply of selected agricultural products in western Europe in 1948-1952 and 1957-1958

Thousands of tons, and percentages

A = Production. B = Net Imports (+) or exports (-). C = Production as percentage of supply (i.e. of production plus net trade).

Countries and areas	Wheat ^a		Barley		Maize		Sugar		Eggs		Butter		Cheese		Beef & Veal ^b		Pork ^{bc}		
	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	
Belgium Luxembourg	A	555	253	253	323	3	4	330	425	109	164	72	94	14	16	129	144	177	228
	B	+403	+417	+304	+557	+350	+444	-12	-40	-1	-14	+26	+1	+30	35	+17	+5	+1	-3
	C	58	66	45	37	1	1	103	110	100	109	70	99	32	31	89	97	100	101
France	A	7791	10341	1534	3759	447	1023	1085	1549	411	459	224	496	264	395	1007 ^d	1277	761	1095
	B	+219	-984	+190	-825	+495	+261	+45	-7	+6	+30	+14	-11	-3	-15	-3	+26	+5	+14
	C	97	110	89	128	47	80	41	100	99	94	94	102	101	103	100	98	99	99
Western Germany	A	2669	3794	1402	2468	20	15	824	1714	218	378	261	365	185	269	511	837	806	1440
	B	+2642	+2024	+454	+1282	+570	+697	+525	+298	+99	+254	+17	+26	+28	+82	+41	+120	+34	+69
	C	50	65	76	66	3	2	61	85	69	60	94	93	87	77	93	87	96	95
Italy	A	7170	9146	258	296	2306	3085	600	979	274	369	56	62	263	318	269	415	173	216
	B	+1697	-482	+56	+234	+81	+502	+55	-138	+8	+48	+8	+18	-6	1	+41	+147	+1	+25
	C	81	105	82	56	97	86	92	116	97	88	88	78	102	99	87	74	100	90
Netherlands	A	325	397	202	304	26	5	364	480	113	262	81	83	129	181	127	200	156	276
	B	+748	+996	+226	+509	+401	+850	+152	+242	-53	-109	-49	-40	-61	-91	+15	-6	-29	-68
	C	30	29	47	37	6	1	70	93	119	171	254	194	189	200	90	103	123	132
TOTAL EEC	A	18510	24510	3649	7150	2802	4132	3203	5147	1125	1632	694	1100	855	1179	2043	2873	2073	3255
	B	+5709	1971	-1230	+1757	+1897	+2754	+765	+355	+59	+209	+16	-6	-12	+12	+111	+292	+12	+37
	C	76	92	75	80	60	60	81	94	95	89	98	101	101	101	95	91	99	99
Denmark	A	285	273	1709	2523	-	-	318	383	117	145	155	167	69	103	150	260	306	528
	B	+64	+162	-46	-6	+77	+39	-88	-69	-78	-104	-131	-116	-36	-68	-69	-153	-173	-316
	C	82	63	103	100	-	-	138	122	386	353	654	328	211	291	185	243	230	249
Ireland	A	327	431	163	351	-	-	93	117	56	46 ^f	52	61	3	3 ^f	193	255	65	80
	B	+241	+148	+18	+43	+230	+20	+39	+45	-17	-2	+1	-16	-1	-	-122	-155	-2	-14
	C	58	74	90	89	-	-	70	72	147	103	98	137	136	-	273	254	104	121
Sweden	A	677	654	231	608	-	-	284	292	79	85	102	87	57	52	118	128	165	219
	B	+98	-41	+6	-	+98	33	+63	+44 ^g	-7	-7	-111	-25	-	-	+9	+18	+3	-27
	C	87	107	97	100	-	-	82	87	109	109	112	140	99	95	93	88	98	114
United Kingdom	A	2397	2740	2060	3113	-	-	626	705	426	680	17	42	45	108	478	726	294	670
	B	+4898	+5092	+844	+1116	+1097	+1999	+1399	+2134	+105	+18	+300	+396	+172	+118	+364	+541	+272 ^j	+447 ^j
	C	33	35	71	74	-	-	31	25	80	97	5	10	20	45	57	57	52 ^j	60 ^j
Other north-western Europe ^h	A	930	1140	575	1139	126	156	152	359	97	153	111	169	108	149	252	349	307	419
	B	+1300	+1200	-233	+329	+418	+530	+469	+552	+13	+32	+9	-33	-19	-43	+1	-9	+5	+12
	C	42	49	71	78	23	23	24	39	88	83	93	123	121	141	100	103	98	97
Total north-western Europe	A	4616	5238	4738	7734	126	156	1473	1856	775	1109	435	526	282	415	1191	1718	1137	1916
	B	+6601	+6561	+1055	+1482	+1920	+2621	+1882	+2706	+16	-63	+167	+206	+116	+10	+183	+242	+105	+102
	C	41	44	82	84	6	+6	44	41	98	106	72	72	71	98	87	88	92	95
Southern Europe ⁱ	A	11957	18609	4809	6347	4963	7144	619	1007	241	338	13	12	90	97	276	402	361	471
	B	+1047	+1395	-35	-95	-199	-205	+213	+606	-4	-4	+1	-	+2	19	-3	+12	+4	-3
	C	92	93	101	102	104	103	74	62	102	101	92	101	97	84	101	97	99	101
Total western Europe	A	35083	48357	13196	21231	7891	11432	5295	8010	2141	3079	1144	1638	1227	1691	3510	4991	3571	5642
	B	+13357	+9938	2250	+3144	+3619	+5170	-2860	+3667	+71	+142	+184	+200	+106	+41	+291	+546	+121	+136
	C	72	83	85	87	69	69	65	69	97	96	86	89	92	98	92	90	97	98

a Including trade in wheat flour (in wheat equivalent).

b Production relates to meat from indigenous livestock only, and trade includes trade in live animals (in meat equivalent).

c Including bacon and salted pork (in pork equivalent).

d Average of 1948 and 1952.

e Including lard.

f 1957 only.

g Partly based on data for one year only.

h Austria, Finland, Norway and Switzerland.

i Greece, Portugal, Spain, Turkey and Yugoslavia.

j The United Kingdom is almost self-sufficient in pork; for bacon and ham alone the percentage for 1957/58 is 39 (1953/54: 45 and 1958: 35).

Source: Taken from the U.N./ECF publication "Economic Survey of Europe in 1960".

Summary of Terms of the Draft Agreement
for the Association of Greece with EEC.

Form of Association

1. The Association will take the form of a Customs Union.

Customs Duties

2. (a) Greece will be allowed a normal transitional period of 12 years beginning on the day the Agreement enters into effect. Customs duties are to be reduced by 10 per cent at 18-month intervals during the first 9 years and by 10 per cent annually in the remaining 3 years.
- (b) For products in a special list (including almost all the industrial products produced in Greece) an extended transitional period of 22 years is allowed. Customs duties on these products are to be reduced gradually by 20 per cent during the first 10 years and by 80 per cent in the remaining 12 years.
- (c) In order to enable Greece to foster her industrialisation she is accorded the right, during the normal 12-year transitional period, to impose new customs duties or to increase existing ones up to a maximum of 25 per cent of the value of certain imports. This concession is restricted to products of which imports originating in the EEC countries did not exceed 10 per cent of total imports in 1958. These customs duties may be maintained in effect for a period of 9 years, after which they are to be gradually reduced; they must be completely abolished by the end of the 22-year extended transitional period.

3. The EEC countries are to extend to Greece, from the beginning, all customs duty reductions already in effect among themselves, or to be introduced in the future.

Quantitative Restrictions

4. The agreement foresees the gradual removal, leading to complete abolition by the end of the extended transitional period, of quantitative import restrictions between Greece and EEC countries.

Common External Tariff

5. Greece is to adopt, by the end of the 12-year or 22-year transitional periods, the EEC common external tariff on imports from third countries. On five products which are of particular importance to Greece - tobacco, raisins, olives, colophony and turpentine - the common external tariff as of 1 October, 1960 cannot be modified during the first 12-year period by more than 20 per cent without Greece's consent.

Tariff Quotas

6. (a) Except with the consent of Greece, EEC may not grant tariff quotas to third countries in respect of the products mentioned in paragraph 5, in excess of specified limits. These limits have been fixed for tobacco at 22,000 tons a year (compared with EEC total imports of about 130,000 tons from third countries other than Greece) and for the remaining four products at 15 per cent of EEC annual imports from third countries.
- (b) Greece may grant, without EEC's consent, tariff quotas to third countries up to 10 per cent of its present imports from those countries (The same customs duties as those charged on imports from the EEC area will apply to these tariff quotas). Tariff quotas in excess of this limit will be conditional upon the approval of an Association Council.

Agriculture

7. (a) The agreement provides that the progressive reduction- until complete abolition - of customs duties and quantitative restrictions on agricultural products will be effected pari passu with the harmonization of the Greek agricultural policy with the EEC's agricultural policy.
- (b) In formulating its common agricultural policy, the EEC will take due account of the peculiarities and interests of Greek agriculture. As soon as EEC's common agricultural policy has been formulated for each product, it may be extended to Greece through a special agreement. If such an agreement cannot be reached for any given product, Greece and the EEC countries will accord each other, in respect of this product, most-favoured-nation status.
- (c) Pending the harmonization of the agricultural policies of Greece and the EEC, Greek exportable farm goods, shown in a list (including fresh fruits and vegetables, in addition to such basic products as tobacco, raisins, and olive oil), will be immediately granted broadly the same treatment as the same products originating in any of the six member countries.
- (d) Greece, for its part, is to reduce the customs duties levied on certain commodities (mainly meat and dairy products) which are of special export interest to certain EEC countries. These reductions must amount, by the end of the first 10-year period, to 20 per cent of the customs duties in effect on the day the agreement becomes effective, with the exception of the duties on hams, cheese, and butter, in respect of which the reductions are to amount to 40 per cent, 35 per cent, and 30 per cent, respectively.

Movement of Workers

8. The principle of the free movement of workers within the territory of the EEC countries and Greece is recognized by the agreement. The conditions and timing of the application of this principle are, however, to be determined by a joint agreement between Greece and the EEC. Pending such an agreement, measures taken among the six EEC countries toward the free movement of labor, common vocational policies, and the exchange of workers may, by common consent, be extended to Greece.

Right of Establishment

9. The agreement also provides that Greece and the EEC countries will facilitate the establishment of enterprises by their nationals in the territory of Greece or of any EEC country, as well as the extension among them of professional services, in a manner and at a rate to be agreed upon jointly.

Economic Policy

10. Provision is made for the ways by which Greece will gradually harmonize its economic policies (in such fields as exchange, taxation, and transportation) with those applied by the EEC countries.

Difficulties in Particular Sectors

11. Should serious difficulties in the application of the agreement arise during the transitional period, any EEC country may resort to safeguarding measures, determined by the Commission of the EEC, in accordance with Article 226 of the EEC Treaty, in respect of which Greece is regarded as a full EEC member. The corresponding right of Greece to take safeguarding measures may be exercised unilaterally, following consultations with the EEC, until the end of 1969.

/Institutional

Institutional arrangements.

12. A Council of Association comprising members of the Greek Government and members of the E.E.C. Council and Commission will deal with questions arising under the Agreement of Association. Any disputes concerning the failure by one side or the other to fulfil an obligation laid down in the Agreement will be referred to the Council of Association. The Council may refer any such dispute to the Court of Justice of the E.E.C. Provision is also made for arbitration.

Financial Aid

13. A special protocol attached to the agreement provides for the grant to Greece, during the first 5 years, of loans totaling \$125 million, repayable in up to 25 years, with the view to accelerating Greece's economic growth. When the proceeds of the loans are utilized for purposes not directly productive (as for road construction, electrification, and land reclamation), the member countries will subsidize the interest rate up to 3 percentage points; loans thus subsidized may account for up to two thirds of the total financial assistance, i.e., up to \$83 million. In a special statement attached to the agreement, the E.E.C. countries have declared their intention to consider further financing of Greek investment through the European Investment Bank.

Percentages of the Revenues of Member States of
EEC and of Ireland raised by
direct and indirect Taxation

Year 1959

Country	Taxation as a proportion of total current revenue of central Government	
	(a) Indirect %	(b) Direct %
Belgium	59.0	39.2
France	67.3	29.8
Germany (Federal Republic)	76.0	21.9
Italy	70.0	23.5
Luxembourg*	31.8	64.5
Netherlands	42.3	54.3
Ireland	68.1	22.7

* The figures for Luxembourg include local Government as well as central Government revenue.

30/6

PÁIPÉIR ATÁ LE TÍOLACADH DON DÁIL//AGUS/DON tSEANAD
PAPERS TO BE PRESENTED TO THE DÁIL//AND/ SEANAD.

6106

1. An Roinn atá ag déanamh an tíolactha
Department making presentation ...

The Government.
.....

2. Teideal an Pháipéir atá le tíolacadh ...
Title of Paper to be presented ...

White Paper on European Economic
Community.
.....

3. Más do réir Reachta atá an tíolacadh á
dhéanamh, luaitear Teideal agus Alt
an Achta a údaraíonn an tíolacadh ...

If presented pursuant to Statute, state
authority for presentation, giving Title
and Section of Act ...

4. Más gá é a bheith ar taispeáint ar an
mBord ar feadh tréimhse áirithe,
luaitear :

If required to be on the Table for a
specified period, state :

(1) An tréimhse ...
Period ...

(2) Cé acu tréimhse de laethe siosóin nó
de laethe suí í ...

Whether days of session or sitting
days ...

5. An gá tairiscint ag lorg aontuithe gach
Tí? ...

If motion of approval by each House
necessary? ...

Sinithe
Signed...

[Redacted signature]

Ceann na Roinne.
Head of Department.