

Address given by Paul-Henri Spaak to the ECSC Common Assembly (Strasbourg, 13 March 1956)

Caption: On 13 March 1956, Paul-Henri Spaak, Belgian Foreign Minister, makes a statement to the Common Assembly of the European Coal and Steel Community (ECSC) in which, emphasising the importance of a Common Market based on a customs union between the Six, he gives a progress report on the work of the Intergovernmental Committee, which he chairs, set up in connection with the revival of European integration.

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Statement by Mr P.-H. Spaak, President of the Intergovernmental Committee set up by the Messina Conference (Strasbourg, 13 March 1956)

The President. — I am delighted to introduce Mr Paul-Henri Spaak, Belgian Minister for Foreign Affairs and President of the Intergovernmental Committee set up by the Messina Conference.

Mr Paul-Henri Spaak, *President of the Intergovernmental Committee set up by the Messina Conference.* — Mr President, Members of the Assembly, I should like to take this opportunity to tell you about the nature of the speech that I am honoured to deliver here today.

It will most certainly be lengthy, it is very likely to be tedious, and I am afraid that it may be a little unclear at times. However, I prefer to say that myself rather than to hear it said by others afterwards.

My excuse is that the subject I am dealing with is very extensive and highly technical.

Before I begin, I should like to review the activities which followed the Messina Conference.

I believe that your Assembly is entitled to hear this because, as your President said earlier, it was as a result of the signal that you sent in December 1954 that the path to European integration was re-opened after the collapse of the EDC.

We may therefore look upon you as the true instigators of the ‘revival’.

After having reviewed the work, I shall take the opportunity to ask for your assistance in an area where I believe all European powers should combine and work together.

However, before I present my report to you, I should like to thank very much the European Coal and Steel Community, and more especially the High Authority, for their invaluable assistance to us over the last few months.

I should not be exaggerating if I said that, without the material aid and the various forms of intellectual collaboration that was made available to us, we should not have been able to bring the work undertaken to a successful conclusion.

First of all, it was a member of the Coal and Steel Community who provided the secretarial services for the Brussels Conference.

The High Authority was represented in the work of the experts in a particularly brilliant fashion by Mr Spierenburg. I might also add that the best report placed on my desk was a document from the High Authority, Document No 65, outlining the lessons learned by the ECSC about the feasibility of a common market. I repeat, this document is the best I have seen on this issue for many years.

The High Authority then agreed to assign to me a number of officials so that our work could be continued. Without their help, I should not have been able to complete the work that was allocated to me by the Ministers in Messina.

I am not going to give you a detailed account of the Messina Conference — I should be wasting both my time and yours. I shall simply recall some procedural details so that you may have a proper understanding of the substance of my report.

In Messina, after declaring the common market to be the aim of their policy, the Ministers of Foreign Affairs decided to have technical work undertaken so that we might consider any potential problems and difficulties.

The Ministers then decided to appoint one of their number to chair the work of the technicians, a person who would act as a kind of political coordinator. As you know, that role fell to me.

We therefore continued the work in Brussels. In addition to a fairly large number of political delegations, we convened representatives of the United Kingdom, the ECSC, the OEEC, the Council of Europe and the Committee of Transport Ministers.

The national experts and specialists got through a prodigious amount of work which found its expression in a large number of documents.

As soon as the heads of national delegations and I felt that nothing more could be achieved from this kind of work, we declared that the first stage of our efforts was over.

The heads of delegations began to convene in order to draw up their final report, which is due to be submitted shortly to the Ministers of Foreign Affairs.

So where are we now?

The second stage is almost completed. Last Friday, we held a final meeting before reviewing the text for the final time. A detailed report now has to be drawn up, and I can tell you that a number of officials have already begun doing that.

I think that I should be able to submit it to the delegation leaders on 18, 19 or 20 April.

We shall then embark on the final stage. Around 25 April, it is likely that the document resulting from the work carried out in Brussels will be ready for forwarding to the Ministers of Foreign Affairs.

I hope that my colleagues will agree to give that document a great deal of publicity.

You may be wondering about the nature of the report. I must say, and even strongly emphasise the fact, that the publication of this report is not definitively binding on governments. It would be excellent if that were. It would mean that the European work on the common market and on Euratom had been finally completed with the full agreement of the various governments.

We have not yet reached this stage.

The heads of delegations have agreed on a number of responsibilities to be assumed and on the position to be taken with regard to Foreign Ministers and governments generally.

The report will be more like a recommendation. I think that the agreements on the various technical issues are at a sufficiently advanced stage for us to say that the report will consist of a kind of table, indicating the potential of a common market as well as of a European organisation for the peaceful use of atomic energy. It will also recommend governments to continue working towards these aims and to progress to the next stage.

Once the report has been submitted, we shall be faced by virtually irrevocable decisions.

If governments still wish to continue down the path to which we are committed, they will have to endorse the work carried out in Brussels so that the next stage will entail the drawing up of a treaty for both the common market and the peaceful use of nuclear energy.

A word of warning. I shall try to be precise and provide you with as many details as possible about the work undertaken and our progress to date. However, you must understand that the opinions that I express are entirely my own and commit neither the heads of delegations nor any of my Foreign Minister colleagues. I might also add that I am not even committing my colleagues in the Belgian Government.

Faced with the vast amount of work produced by the experts, the heads of delegations tried to break the subject down into sections.

The select committee that they appointed and which was responsible for presenting the work to them submitted 10 different reports. I shall begin by reading out no more than the headings and then comment upon them.

These reports focus on the structure of a common market treaty; on the abolition of internal customs duties; on the rules to be established for the external tariff in regard to third countries; on the problem of quotas and state trading and of import restrictions; on agriculture; on what we have designated as the full use of European resources, which covers three important issues: readaptation, the free movement of persons, and the investment fund. They also focus on transport; on problems concerning harmonisation; on problems relating to conventional energy; and finally, on the basic problem of the institutions.

There is a separate report, the 11th, on the peaceful use of nuclear energy and the possibility of setting up Euratom.

As I said, I shall now discuss the main issues set out in the various reports.

I shall not be dealing with each one in the same way, because some of them are so highly technical that it would be impossible for me to explain these issues to the gallery.

Of course, we could only form a clear picture of some of the proposed solutions if we had the texts in front of us and if the specialists carried out an in-depth study on the proposed texts. Consequently, you will notice that I shall be more precise in some areas of my speech and that, in others, I shall limit myself to establishing the main principles.

We thought — and I think that you will agree with us — that, before addressing the technical issues that might arise from the establishment of a common market, we really must try to have a clear idea of the general framework or, if you prefer, of the foundations on which we must build.

Before we even began, we had to answer an initial question. Did we want to try to establish a simple free-trade area between the six countries in the European Coal and Steel Community — possibly open to others — or did we want to be more ambitious than that: did we want to establish a real common market based on the customs union between the Six?

That initial question gave rise to a very lengthy and very detailed discussion among the experts.

Almost all the experts agreed that, if we are going to work towards the establishment of a common market, if we have the political daring to see it through, it would be better to establish a real customs union rather than a mere free-trade area.

In my opinion, one of the main reasons which led the experts to adopt what seems the most daring solution, and perhaps also the most difficult, is that, by establishing a customs union, we may take advantage of the exceptions laid down in the GATT, without having to apply for any derogation.

The guidelines and recommendations we presented to the Ministers are thus based on the establishment of a customs union.

A second point on which it seems an agreement has been reached is that, if we do establish a common market, this policy has to be irrevocable.

We should not be afraid of admitting — indeed, we should highlight the fact — that it will encounter a great many difficulties and will require great daring, but we cannot embark on such a venture if we think that it is going to be a piecemeal and ephemeral attempt, something which will last only two or three years.

It would be better not to embark on this project with the expectation that, later on, we shall have to

acknowledge that it was far too ambitious or ahead of its time, leaving us with the sole option of having to go back to the drawing board.

You will immediately understand the importance of the fact that the proponents of this idea must be firmly resolved not to turn back, and they will have to accept the consequences that such a decision might have for a possible treaty.

Of course, an economic revolution of this nature cannot take place overnight. When we look into issues of this kind, we soon become aware of their significance and of the difficulties involved.

I think that we are all agreed on the need for a transitional period.

It will be the period running from the moment when the signed treaty enters into force until the final establishment of the common market, with everything that that entails.

It may be considered that a period of 12 years should be sufficient for the establishment of the common market. We shall probably propose that time frame, divided into three stages of four years each.

As we must always err on the side of caution, we may provide for an extension of this period to fifteen years if, at the end of the first three four-year stages, we see that all the objectives have not yet been attained or if some countries or certain economic sectors take longer to adapt. However, the extension from 12 to 15 years must be agreed on the basis of certain specific arrangements.

We felt that the first stage, which will probably last for four years, should be set out in as much detail as possible, with its principles, its rules and the necessary mechanisms, which would remain valid so as to enable the following stages to be successfully completed.

Members of the Assembly, as soon as we accept the idea of a time-limit, of a transitional period, as soon as we accept the idea of progressing in stages, we are faced with one question: should the national parliaments be allowed to intervene after every stage?

We agreed unanimously that this would constitute a very dangerous method of working. Therefore, when the parliaments are consulted on the ratification of the treaty establishing the common market, they will have to accept the idea of the common market together with the 12-year transitional period. At the end of that period, intervention by national parliaments should cease.

However, if we are to win parliamentary approval, I think that the principles and mechanisms need to be expressed clearly.

At the same time as giving a detailed account of the principles and mechanisms, we shall also express in the report the hope that the treaty texts will not be too rigid, and that some flexibility will be possible.

We think that it is almost impossible, at this moment in time, to predict the exact and entire development of a venture such as the common market, and it is thus sensible to reserve the right to benefit from our own experiences. Without, of course, allowing the principles to be radically changed in the second or third stage of the transitional period, we hope that the texts will be sufficiently flexible to allow changes to be made in the light of the results of our experiences in stage one.

This, Members of the Assembly, is the general basis on which we have decided to build the common market.

Having outlined the general framework, we addressed the technical issues involved in the establishment of a common market.

The first matter to arise when dealing with a common market evidently concerns the abolition of internal

customs duties within the Community.

Since this issue frequently comes up in the documents of the Committee of Heads of Delegations that were used as a basis for our work, we first of all tried to determine the basic principles, then the mechanisms which need to be established and set in motion and, finally, the results we needed to achieve.

With regard to the abolition of internal customs duties, we decided that, first of all, we had to avoid the endless discussions on the definition of the categories of products listed in the customs tariffs.

We realised that, if we referred such complicated problems of reducing internal tariffs to the customs experts, we might well set off a debate which would last for months, maybe years, before a practical solution was found. We concluded that, without recourse to specialists, we had to try to find a simpler method which would nevertheless provide an immediate and direct result.

The first idea that came to mind was, obviously, a system of automatic reductions; for example, an annual 10 % reduction on customs duties would undoubtedly provide the most practical and most decisive results.

However, on closer examination, we realised that we would come up against major practical difficulties and that an automatic system would need to be tempered by a certain amount of flexibility.

Having said that, this flexibility must not lead to exceptions for entire sectors of the economy, as this would slow down indefinitely the reduction in duties on certain products. To ensure progressive adaptation, there would need to be as many stages of reduction as possible.

The proposed mechanism is as follows. An initial reduction of 10 % will apply to all customs items. Then — and this is the novelty — the level of reduction will apply not to individual products but to groups of products to be determined by the customs duties themselves. That is to say, these groups of products will be defined according to their customs tariffs, classification being made at five point intervals below 10 % and above 50 %, and at two and a half point intervals between these two figures.

I shall go over this again, as we are already entering a rather technical and complicated field.

It does not involve determining products by name or item. We need to adopt the customs tariffs as they are at present and see the products according to the customs duties imposed thereon. That is how they will be grouped. Then, as I have already explained, we shall proceed with successive reductions.

As we see it, the rate of reduction would be something like this: 10 % after one year; then two more 10 % reductions, both at eighteen month intervals, that is, a total 30 % in four years. The same system will apply during the second stage, that is, a total 60 % in eight years. And the remaining 40 % will be abolished in the final four years, provided that the clause whereby the transitional period is extended from 12 to 15 years does not come into play.

At present, and still with the same general reservations as before, it is on this that the experts and the heads of delegations have reached a sufficiently detailed agreement to allow for a report to be drawn up and be presented to the Ministers as a recommendation from their experts.

The second issue concerns the fixing of the external tariffs vis-à-vis third countries for the Community being established.

Before tackling the issue of the principles and mechanisms, I should just like to mention one or two general ideas that occurred to me during the course of our work. I should like everyone to understand that an issue such as this one needs to be tackled from a completely different perspective. This comment is particularly relevant to the specialists, as they must break with tradition when debating the fixing of the Community's customs tariffs vis-à-vis third countries.

I shall explain what I mean, using my country as an example.

Clearly, we can no longer devise a customs duty policy vis-à-vis third countries, assuming that a common market has been established, as we did when we were representing a country of nine million people.

From now on, we must realise that we are no longer defending the interests of a community of nine million people but that we are defending the interests of a Community of 150 million people.

This simple and truthful statement sheds a completely new light on the subject.

I should also like to say that, in this matter, each and every one of us must cast aside our old orthodoxies. They were perhaps important when we were speaking on behalf of nine million people. In those days, we could argue to see whether we were protectionists or free traders. Today, however, we must look at what can be done from a different angle, and in a new light, if we constitute a Community of 150 million people.

I hope that no one will join the common market hoping to create a self-sufficient Europe protected by high customs barriers. I hope that all those concerned with this issue are convinced that, when our negotiators speak on behalf of a Community of 150 million people, they will be wielding a weapon that no European country has ever possessed. We must use this weapon, however, not to shut ourselves in behind customs barriers but to negotiate concessions or tariff reductions with our future partners to the benefit of the whole Community.

Therefore, while opting for the structure of a customs union for the economic integration of the Six, we have devised a set of principles on the basis of which a single tariff ought to be established in regard to relations with third countries. The administrative rules of the GATT have led us to determine that, for the establishment of a customs union, the common tariff may not be higher, in its general impact, than the various tariffs it replaces. We must comply with those rules and are thereby limited in erecting customs barriers around the new Community that are too high if, by some remote chance, that was our intent. Furthermore, as in the case of the reduction in internal duties, the simplest possible rules and methods of calculation need to be found.

Members of the Assembly, I have no intention of explaining the mechanism that was determined after very lengthy negotiations between the various delegations. I will just inform you of the outcome.

We discovered later on that, contrary to what is often said, it was relatively easy, in the Community of the Six, to find a solution to the problem and that the difficulties are much less problematic once vague ideas and theoretical debates on free trade and protectionism have been cast aside and we begin to look at things as they really are.

While the difficulties are relatively few for basic products and finished products, the adoption of a more discerning and cautious system is required for semi-finished products.

Let me add that a separate annex to the report to be submitted to the Ministers will provide a detailed explanation of the technical mechanism by which duties could be set.

The fact that there will be a separate annex shows, as I have already pointed out, that the subject is extremely complicated and merits special attention, although I should have liked the report to be clear, readable and comprehensible to all.

A more or less identical system has been introduced for quotas, state trading and import restrictions; in all instances, the same philosophy prevails. Clearly, it is not enough to abolish internal customs duties and to set a common external tariff: by the end of the transitional period, all quotas need to have been eliminated and new formulas found for state trading.

As regards quotas, we should, of course, base our ideas on the work of the OEEC, as it is in the field of trade

liberalisation that this body has been most successful. There is, therefore, no need, at least in the first stage, to make radical changes to the work undertaken and successfully completed by the OEEC. However, once we begin reducing our customs duties and adopting a common external policy, an additional effort will be required from those countries participating in the common market.

This is because, unfortunately, and in spite of the tribute I have just paid to the work of the OEEC, it may be that, owing to the actual nature of that institution, we have now achieved all that we can expect to achieve in that framework. We must, therefore, make additional efforts and, in the common market, rather than removing quotas on a product-by-product basis, as we did in the OEEC, we must agree on an annual increase in quotas on all products.

By increasing them, quotas will cease to be effective and may be easily abolished. When I say 'easily', I am being optimistic!

With regard to the time-limit, quotas between the Six will have to have been abolished, at the latest, one year before customs duties themselves are due to be abolished. If the starting figure is reasonable, and if the procedure starts fairly soon, an annual increase of 20 % in all quotas over the previous year will be sufficient for us to reach our desired goal, which is that of abolishing quotas.

We therefore have 12 years ahead of us.

It is clear that if we want to abolish quotas — and we must abolish them — we need to apply the same, if not similar principles to state trading. By the end of the transitional period, state trading needs to have been abolished or have been replaced by an organisation common to the Six.

Members of the Assembly, the following document deals with a subject which has given us all tremendous cause for concern: agriculture. Those who have already attempted a customs union on smaller scale will know that agricultural issues are particularly difficult to resolve.

We have therefore drawn up the document on agriculture with great care. Not only have we followed the advice of experts other than those consulted in the initial meetings, but we have also submitted our work twice to the delegations' experts. To my great surprise, I noticed that it was one of the documents which gave rise to the least discussion. It is true that the proposed measures are particularly cautious and that the safeguard clauses intended for different stages in the integration process are manifold.

At the moment, we are unable to open a huge debate on agricultural issues. However, I think that, in principle, the issues are the same as those affecting the industrial sector.

We have to realise that certain situations which have previously arisen in some customs unions will not occur in the customs union of the Six.

We cannot imagine a customs union limited to the industrial sector alone, with agriculture continuing to be governed by national rules. We must therefore increase precautionary measures and safeguard clauses and define the stages in great detail. Experience has shown that a document such as the one we have put forward, rather than irritating the agricultural experts to the point of making them oppose the project under discussion, actually gains their extensive support.

Let us now take a look at Document No 7 which we have entitled 'Full use of European resources'.

As I mentioned earlier, this title covers three different ideas:

- readaptation;
- free movement of workers;

— the Investment Fund.

The Readaptation Fund will automatically intervene in cases of closure of businesses to provide allowances for the resettlement of workers and occupational rehabilitation.

However, proof that the common market is responsible for the closure must be established if assistance is required from the Fund for the conversion of an industry undergoing transformation.

Financially, the recommended method or procedure will be as follows, although I must admit that some delegations have expressed quite a few reservations regarding this matter.

The Readaptation Fund will be financed by Member State contributions, on the basis of salaries and employers' national insurance contributions.

However, in whichever form or whatever the level of assistance, the Readaptation Fund will contribute only up to a limit of 50 %, the remaining 50 % being the responsibility of the national States.

Another extremely important issue is that of the free movement of workers. The aim is to seek the general economic conditions which will enable the doors of the common market to be opened wide to welcome the workers.

The experts agree that this objective may be attained by the development of retraining programmes or by creating new jobs and collectively developing the less-developed regions in Europe. They also say that we must emphasise the right of free movement of workers, which includes eligibility for employment offered in all countries of the Community and the right to settle in the country where employment is secured, without being subject to bureaucratic restrictions. Of course — and this is the safeguard clause protecting the worker — the abolition of any discrimination whatsoever regarding pay must be decreed and conditions laid down, by either national legislation or trade union action, excluding any reductions in salary so as to discourage employers from bringing in more immigrant workers than there are jobs actually available.

In fact, once again, the debate has shown that, if we approach this issue without any preconceived ideas, without prejudice, but with a bit of daring, using the same precautionary measures for the working class and establishing, *mutates mutandis*, the same safeguard clauses as those devised for industry, we could quite easily establish a system which would operate like a common market.

We think that there should be an annual increase, in accordance with a predetermined rate, in the number of workers from other Member States to whom employment in each Member State is offered.

And finally, connected to the issue of readaptation and the idea of the free movement of workers is the important issue of the Investment Fund.

The aim of the Investment Fund is clear. It is to develop the less-developed regions and to finance projects which, by their size or simply by their nature, do not easily lend themselves to the various methods of funding available in the individual Member States.

It also has to contribute to retraining programmes and the creation of new jobs aimed at re-employing workers.

After very lengthy discussions, which at times had a doctrinal ring to them, we came to the conclusion that, contrary to the financing of the Readaptation Fund, the majority of the resources for the Investment Fund should come from the capital market.

Of course, we have not been able to determine exactly how the Investment Fund would be organised. Special statutes will have to be drawn up in this respect.

We need an Investment Fund with quite substantial resources, otherwise it will have neither rhyme nor reason. As an indication, I may say that we think that the amount of capital should equal the value of one thousand million units of account of the EPU, and the Investment Fund should have an annual endowment of 300 million dollars.

I now come to the subject of transport. We have agreed that the work undertaken together with international organisations on a technical level should continue on the basis of current methods.

We are aware that significant progress in these areas has already been made and that there is no real reason to make radical changes to anything that has already proved effective and yielded results.

The revival of European action needs to focus on four main issues:

- changes to transport tariffs in the international relations required for the functioning of the common market;
- drawing up a general common transport policy;
- developing and financing of investment of European interest;
- appropriate organisation of the aforementioned tasks.

We decided that a separate institution for transport was unnecessary.

We were therefore hoping to assign any problems related to transport to the European institutions, which I have yet to discuss.

I should now like to address an issue which has also given me great cause for concern. Correct me if I am wrong, but it seemed that in the efforts made earlier with a view to the establishment of a common market, particularly following the work of the Common Assembly, one of the issues on which we were unable to come to an agreement was what may be called, depending on the circumstances, the problem of harmonisation, or the problem of distortions.

The message we were receiving from some quarters was: 'We are willing to establish a common market, but we really want a partial, if not complete harmonisation of social security legislation beforehand.'

Members of the Assembly, I do not want to appear to be taking this problem lightly or be accused of irony. However, I must say that, since the founding of the ECSC, I am quite sceptical about the scale and significance of these distortions

You will no doubt remember that, when we discussed the ECSC project in our respective parliaments, one of the main objections raised in each parliament was the devastating effect that the new system would have on national industry.

The fact that the same argument appeared in each parliament proved that it was lacking in weight and that at least one or two parliaments got it wrong.

There is no denying that a certain amount of social security distortions do exist. The problem is knowing their significance and their potential influence in the context of a common market.

It is our duty to spread the message that the establishment of a common market will not make the standard of living the same throughout the Community.

Although very different, we did not harmonise our — very different — social security laws when we formed the Benelux Union. I have to admit that a number of difficulties did emerge, but I must say that we have

managed to overcome them.

I am not quoting this policy as an example to follow, because, in my opinion, we showed too much daring, and we ought rather to congratulate ourselves on the fact that the results were not bad.

It would be very unwise to say, for example, that a common market cannot be established until social policy is harmonised. However, it would be equally unwise to say that we are deliberately turning a blind eye to some distortions and refusing to consider them.

As soon as these two possibilities have been dealt with, we shall find ourselves, I think, on fairly stable middle ground.

As far as distortions are concerned, let me repeat what I said about agriculture: I was afraid that we were entering upon an endless and very difficult debate.

We quite soon found common ground on the following principles: differences between costs to national economies do not by themselves distort the conditions of competition; disparities in cost-price elements do not by themselves constitute a distortion; consequently, there can be no *a priori* standardisation of cost elements without causing further imbalances, so standardisation will have to result from the actual functioning of the common market.

The questions left unanswered are the following: how do we begin rectifying distortions, if rectification is necessary for the common market to fulfil its aims, and how do we approximate legislation to facilitate and simplify the functioning of the common market?

The study into distortions will be carried out by the European Commission together with industry and the governments. The Commission will submit proposals with a view to eliminating distortions if it considers them to have serious implications. The proposals submitted by the European Commission may not be imposed during the first four years save in the event of a unanimous decision of the Council. After four years, the Commission proposals may apply with the approval of a two-thirds majority of the Council.

Governments will be obliged only to maintain good offices with the 'social partners' or recommend appropriate legislation to their parliaments only in cases where the rectification of distortions is dependent either on freely negotiated working conditions, or on legislative measures.

If these proposals are rejected, the European Commission, from as early as the first stage, will have the right to grant a safeguard clause to less-favoured industries. Bearing in mind the aforementioned procedure, safeguard clauses may not extend beyond the transitional period.

I am not sure, from this simple explanation, whether you are able to comprehend the proposed system. To me, the mechanism seems flexible and cautious and it may be basically summed up like this: the only way to eliminate the effects of a real distortion consists either in the other Member States accepting to remove it by bringing their own legislation into line with the legislation of the country seeking the removal of the distortion or in granting to the country claiming to be the victim of a distortion a safeguard clause which will benefit its industries.

Of course, all this is possible because we have provided for a 12-year transitional period in which to carry out all these adjustments.

With regard to Document No 10 on conventional energy, we realised that, as with the transport sector, there was no need for significant intervention under common market arrangements. We have noted that the current problems are as follows: long-term prospects in terms of resources and requirements; the most economical investment; the elimination of obstacles preventing such investment.

In order to solve these problems, which are more involved with cooperation than integration, we decided

that the most competent and best-equipped European body, at present, has to be the European Coal and Steel Community. That is to say that we have examined the problems objectively, without trying to bring everything under the umbrella of the bodies of the common market.

With regard to the problem of conventional energy, we have decided that, at least in a transitional period different from the one I have already spoken of, and until we have finally brought order to all the European institutions, the European Coal and Steel Community is best equipped to deal with this matter.

To conclude my statement on the common market, I have saved one of the most important documents until last: the one on the institutions.

It is not as technical an issue as the one on customs duties or the one on quotas. It affects more people, and we know from experience that it has given rise to very lengthy and such problematic debates so that, in the end, the structure of the institutions constituted one of the reasons for the collapse of the EDC. I hope that, this time, we shall not encounter the same hurdles and that we shall approach the matter in a different way.

When the experts were faced with the problem, I repeatedly advised them to tackle the problem of the institutions last, once they had drawn up an inventory of the technical difficulties involved. I asked them to work out solutions to these technical difficulties and then to study the question to see whether or not it was necessary to establish individual institutions if the common market was to function as they had planned. If their answer was no, the problem was solved. If it was yes, we should then have to address the problem of the institutions.

I took the liberty of making only one recommendation. I asked the experts to tackle the problem of the institutions from a totally objective point of view. I did not tell them that they should seek to set up supranational institutions; I asked them to recommend, in good faith, institutions which they thought would be necessary for the functioning of the common market and not institutions which might lead us into a dead end. We could then leave it to the legal experts to say whether or not the institutions are supranational. This is how we proceeded, and I do not wish to deceive you any more than I do the public on this matter.

In the course of our work, and in the discussions that were held, we first of all realised that the problem of the institutions was exacerbated by the reasonable and flexible nature of the treaty. Those who support Europe, if they share my opinion, should highlight this fact.

The way to avoid the problem of the institutions would be to draw up a treaty in which nothing is left to chance. If that were the case, we should have to work out immediately, and in complete detail, the entire development of the common economy over 12 years and even try to establish as of now how the safeguard clauses should apply in various circumstances.

The mere enunciation of that idea should be enough to make us realise that it would be impossible.

However, in the course of the negotiations and discussions over the past few years, another idea emerged, one which would allow for a certain amount of freedom and flexibility. I believe this to be fair and right, for the reasons I gave earlier. However, if we adopt this system, we also have to accept the consequences. The institutions will play a significant role because they will be responsible for interpreting a treaty which allows a certain amount of freedom.

I must make one further remark, out of intellectual honesty. I believe that the experts who were entrusted with this task had no preconceived idea and that they have made sincere efforts to follow my advice.

To me, the conclusion reached was quite surprising, pleasing and refreshing all at the same time, since what we are basically proposing is the implementation of the first declaration adopted by the Assembly of the Council of Europe in Strasbourg. In my opinion, we cannot proceed any further unless we set up an institution with limited powers but with real authority.

I might add that, as soon as we understand the nature of the system, that will be the end of the heated debates we have been used to in the past. That must be said. However, it is clear that all the conclusions that have been reached regarding the institutions have resulted in the setting up of a European Commission with limited powers and real authority

The institutions are not very original: there will be a Council of Ministers, a European Commission — that is what we have decided to call it — a Court of Justice and a Parliamentary Assembly.

The Council of Ministers: the general principle underpinning the activities of the Council of Ministers is that unanimity continues to be required for issues related to general government policy. I must make that clear. I think that, when we tackle the problem of the institutions, we must ensure that the European Commission, the new body I have just mentioned, has the power to take decisions in one area only: implementation of the clauses of the treaty on the common market. However, it may not intervene in what we call general government policy. While I was engaged in this work, many faces came to mind (*smiles*), and I wondered if our proposal would gain the support of some but be met with hostility by others.

Some may feel that we have been too cautious and others too bold. I freely admit that the criterion laid down for the experts and on which our work is based concerns the acceptance of the general principle for issues relating to general government policy whereby unanimity of the Council of Ministers is required. However, regarding the harmonisation of legislation, employment policy, financial balance and economic stability, issues directly related to the functioning of the common market, the European Commission should be allowed to submit proposals which may be adopted by a qualified majority of the Council, e.g. if mutual assistance needs to be provided in the event of difficulties arising in a Member States' balance of payments.

A progressive procedure will be proposed for the level of the external tariff and the elimination of distortions. The principle of unanimity will be upheld for, say, eight years, after which a qualified majority may apply.

Members of the Assembly, I am defending a cautious position. The idea of a transitional period will turn to our advantage.

We may hope that, during the first two four-year stages, wisdom, followed by experience, followed by the need to work together will enable us to find solutions which will enable us to solve difficulties in the Community.

However, we must not forget that a definitive period will follow the transitional period and that, if we do not wish to see the whole system collapse, decisions must be taken as we progress from one transitional period to the next.

Finally, we are proposing that the principle of weighted votes be accepted in cases where qualified majority applies. Some delegations have raised objections to this principle, although, personally, I am very much in favour.

The second institution of the common market is the one that we have called the European Commission.

This institution is to act by a majority. We believe that there should not be too many Members of the European Commission so that they may be appointed by the governments acting unanimously, their appointment to be ratified by the Assembly acting by a simple majority.

The President of the Commission will be chosen by the Assembly from among the Members of the said Commission for a term of six years.

The work of the European Commission is to be divided into four specific areas.

It will involve: ensuring the application of the treaty and the fulfilment of Member States' obligations;

ensuring that undertakings comply with the standards laid down; taking decisions relating to the abolition of subsidies and other organisational schemes; and, finally, taking decisions relating to the application of safeguard clauses and derogations.

In these four areas, which, for us, involve the application of the treaty, decisions will be taken, as I said earlier, by a majority. Provisions have been made so that appeals may be brought before the Court of Justice by either a Member State or an industry.

In the sphere of general policy, the European Commission will be allowed to submit proposals to the representatives of the governments meeting in the Council regarding employment policy, the policy on financial balance and economic policy.

The European Commission will therefore act as adviser to the Council of Ministers. Regarding the elimination of distortions and trade negotiations, the European Commission will be asked to submit proposals which, at the end of the first four-year stage, will no longer require unanimity but a two-thirds majority of the Council.

Moreover, the European Commission will be responsible for the management of the Readaptation Fund and, hence, be responsible for considering investment applications and forwarding them to the Development Fund with its opinion.

Members of the Assembly, a simple reading of this text shows that the role of this Commission emerges as being extremely important.

I shall now discuss the Parliamentary Assembly.

The powers and responsibilities of the Common Assembly of the European Coal and Steel Community need to be extended if they are to adapt themselves to the operational needs of a general common market.

I expect that you would agree with us that the establishment of another European Assembly is out of the question. We must make a choice between the existing institutions. Given the work that it has done, its experience and its composition, we have decided that the Common Assembly of the European Coal and Steel Community will also act as the assembly of the general common market.

However, we think that provision needs to be made to increase the total number of Members quite considerably and, with regard to the problems of the general common market, probably to change the allocation of seats among the six Member States.

As you can gather, we want to confer considerable importance on this Assembly. We feel that this is necessary. We think that, by establishing this treaty for a transitional period of 12 years, after which it will become definitive, the European Commission will need to accept — and it will willingly accept — a certain amount of parliamentary scrutiny.

We believe that there are, currently, not enough Members of your Assembly to ensure extensive and permanent contact between the national parliaments and the European Parliament.

We therefore think that the number of Members needs to be increased quite significantly.

We are also of the opinion that a weighted system needs to be established and that the number of representatives from small countries should be increased in proportion to their population so as to create a balance between the large countries and the smaller ones.

The delegations have not yet given their consent on this matter either.

Let us now move on to the duties of this Assembly.

Acting by a simple majority, the Assembly will ratify the appointment of the Members chosen by the governments to serve in the common institution. Acting by a simple majority, or by a majority to be determined, the Assembly will have a right of censure with regard to the general policy of the common institution. It will adopt or reject, by a simple majority, the administrative operating budget of the Community institutions. It will be able either to accept or totally reject the budget, as in the British system. The Assembly may appoint, from among its Members, the President (Speaker) of the common institution.

For any additions and alterations to the treaty, such as changes in customs duties and quotas after the first four-year stage, the harmonisation of the agricultural market organisations and the gradual integration of services in the common market, the Assembly, on a proposal from the European Commission, will act by a simple majority. The adopted proposals will then have to be approved by a two-thirds majority of the Council of Ministers.

I, too, realise that all this is extremely vague and that it is impossible to form an opinion on what has just been said. Of course, the specialists will have to examine everything in greater depth.

I do not think I need to read out what has been decided regarding the procedure. At all events, it is not very different from the one we have at the moment.

From what you have already heard, you will have probably gathered that, in our plans for an integrated Europe, the Court of Justice will play a quite significant role.

Again, we felt that it would be unwise to set up another Court of Justice. Consequently, we think that the Court of Justice in Luxembourg will have to be adapted to cope with its new duties.

The Court of Justice of the European Coal and Steel Community is the legal body responsible for ensuring compliance with the law in the interpretation and application of the treaty and the implementing regulations. The number of Judges may need to be increased accordingly.

To hear and determine actions against certain decisions of the European Commission, which require assessment on mainly economic issues, the Chamber of the Court, or the Court in plenary session, shall consist of additional assessors who are experts in economic affairs. This is a new idea in terms of the institutions, but it is not a new idea in itself. In one way or another, there are a number of courts comprising both judges and technical experts in each of our countries.

The duties of the Court will include investigating cases of breach of the treaty by a Member State and failure to observe the treaty by an undertaking, at the request of the European Commission, as I have already explained.

I think I have spoken enough about that, perhaps not enough to have convinced you of the excellence of the proposed system but enough to have shown you that, for the majority of problems — and I hope that none have been overlooked — the report that we are submitting includes a proposal for a solution.

I am glad that I apologised at the beginning of my speech; I am aware that I am taking up too much of your time.

I cannot end my speech here, however, without discussing the other important aim of our work, that is to say the peaceful use of atomic energy. With all the usual excuses and apologies, I must ask you to bear with me for a little longer.

There is no point in trying to explain why the peaceful use of atomic energy in Europe represents a fundamental problem. We are constantly being told, and rightly so, that we are at the dawn of an industrial revolution or even that it has already begun.

Throughout the 19th and 20th centuries, the economic power and the social welfare opportunities of many of the countries represented here today have been based on the fact that they possess coal.

There is not one Member State here today which would easily accept the idea that industrial expansion in some countries will tomorrow be based on new and significantly more powerful resources, such as the use of nuclear energy, while our industries are still being fuelled by outdated resources.

Nor will anyone disagree that the countries of the European Coal and Steel Community, although not all at the same stage, are nonetheless a long way behind in this sphere in comparison with two large communities: the United States of America and the USSR, and that we are also quite a long way behind Great Britain.

Consequently, our problem is not only to try to use nuclear energy rationally in future years, but also to make up a lot of lost time.

No one in this Assembly can deny that, in order to make up the arrears and to develop fully the peaceful use of nuclear energy, we first of all need significant financial resources at our disposal. Secondly, our technical expertise has to be completely up-to-date — this is perhaps more important than the financial element.

Regardless of the size of their country of origin, the experts who met in Brussels agreed that if we acted wisely, we should try to meet the financial costs together. These costs not only greatly exceed the means of the smaller European countries but also those of the larger countries. Unless we resign ourselves to being forever dependent on the countries that have already overcome this problem, we must unite in order to face a number of challenges together.

The experts laid particular emphasis on the technical aspects of this issue. In their opinion, we need a great many trained technicians in order to keep up with scientific developments.

I have every reason to believe that the European experts are right, especially after having read some articles which appeared in the American press.

Some American authorities are sending out a warning signal, saying that, on the technical side, the United States is already struggling to keep up with developments. They confirm their fears in these words: 'Nowadays, the Russians are more advanced than we are.'

If this is being said in the US, in spite of its being well ahead and in spite of the resources it has at its disposal, how should the Europeans be reacting?

In actual fact, there is a very large number of technicians addressing this issue outside political concerns and for whom the integration of Europe or the setting up of a European Economic Community does not represent a major issue or is something about which they have no fixed idea.

All the same, they are asking us — I daresay begging us — to make the effort now, rather than later.

We should let this important goal be our guide when we endeavour to work out a system.

It is not about achieving small goals or trying vaguely to coordinate various activities, but, I repeat, it is about working out a system which will enable us to catch up and to develop, in our respective countries, with as much efficiency as possible, the use of atomic energy for peaceful purposes.

What conclusions did the experts come to?

They concluded that we needed to work together and that it would be beneficial, without having any research management or any other kind of suffocating state control weighing down on the research workers, to focus research and see that each country specialises in a particular area so as to avoid the duplication of effort as much as possible.

In upholding this attitude, I am not, let this be clear, upholding the attitude of a politician belonging to whichever party and following preconceived ideas. I am upholding the theories of independent research workers.

They are convinced that, if we continue down the path along which we have begun, it will be impossible for them, in spite of all their qualities and skills, to make up the lost ground of recent years.

A certain amount of organisation in research and training is therefore necessary, as is the establishment of certain joint undertakings, such as the construction of an isotope separation plant.

I already addressed this issue in Strasbourg, but I was intimidated by Miss Klompé's presence (*laughter*), as she is a specialist in this field, whereas I am only a beginner in this area and I am thus afraid of making a mistake.

But, let me repeat what I hear being said around me: we need to build an isotope separation plant.

Possessing uranium is all well and good, but what we really need is enriched uranium. That will be the basis of our industries in future, and the production of enriched uranium is a very costly business.

We were struck by President Eisenhower's impressive and very generous offer. We must be very grateful to the United States. However, I think — in fact, I am sure — that it would be a real mistake to think that this generous offer would solve the problem of Europe's uranium supplies, more specifically, the problem of possessing enriched uranium.

Evidently, we need to continue to work independently, we need to build this isotope separation plant, and it is bound to require a joint effort. Together, we also need to construct a nuclear reprocessing plant. All the experts agree on that.

The difficulty, or one of the difficulties facing us, is knowing how the European organisation — which has already been given the name Euratom — will obtain uranium, and in what form it will make this uranium available to users.

Why is this debate difficult?

It is difficult because a number of people approach the issue not with the sole concern of finding the best possible idea but with all their doctrinal, political and economic concerns.

In meetings like those which I have chaired, we have witnessed a series of debates between protectionists and free-traders, or between those in favour of State control and those in favour of liberalism, as though all the methods accepted today were not enough to show us that the way to solve our problems at the moment is by finding a suitable compromise.

In the proposed arrangements, Euratom will, at all events, have priority rights on uranium produced in the various Member States of the Community; it will have an option to purchase on that uranium.

I need only to say that it is an option to purchase for you to immediately understand that not all the problems have been dealt with, but I will spare you the details for the moment; what would happen if Euratom did not exercise its option to purchase? What could the then manufacturer do with the surplus? Let me tell you that, even though it is important, it is, nevertheless, a minor detail.

If Euratom has ownership of the material, how should it make this material available to the user? That is the second problem.

We are dealing here with a debate which, I have to admit, is not so clear-cut: there are those, on the one

hand, who say that Euratom should sell materials on to the user and those, on the other, who think that Euratom should lease uranium to the user. I am not going to take sides. I have my own thoughts on all this, but it is not yet the moment to start taking sides.

I would just like to say — and you will see how much of this puerile debate is unfounded — that everyone agrees on the security and safeguard clauses to be imposed, whether on the buyer, or on the lessee.

Here are the clauses, and I entreat the legal experts of each country to think carefully about how to characterise the contract being drawn up:

- materials in the hands of buyers shall be subject, in the event of disposal, to the organisation's priority purchase rights;
- users shall be subject to checks on stocks of fuel, spent fuel and processed materials;
- in the event of allocation, quantities held by a user shall be deducted from the amount that would have been allocated to the user, without the possibility of withdrawal if the quantities exceed this amount;
- materials manufactured during nuclear operations shall either be used directly by the undertaking or shall be subject to priority purchase rights;
- materials may be withdrawn from their owner by requisition in the event of any infringement of the rules governing security or diversion to purposes other than those for which they are intended;
- undertakings shall be responsible for the disposal of waste in accordance with the security norms determined by the organisation;
- where the organisation is unable to fulfil supplies, the user shall have the right to conclude direct contracts for supplies from outside countries; however, to ensure the application of customary controls, the delivery shall be carried out by the organisation.

All the experts agree that these clauses are necessary if we want to ensure security and effective control.

Members of the Assembly, there is no need for me to go on at length about the need for effective control and total security. I do not think I should be wrong if I said that the difference between peaceful and military use is extremely small and will continue to decrease, so much so that, from now on, and most certainly in the near future, we shall be using the same raw materials whether for peaceful use or military use. That is why, in every instance, whatever the legal characterisation given to certain contracts, security clauses must be upheld, and controls must be watertight.

Members of the Assembly, I do not think that I can end this speech on the situation of Euratom without reference to the following issue, if only to give you the opportunity to consider it in greater depth if you have not already done so. Does Euratom have to be an organisation designed essentially for the peaceful use of atomic energy? Does it have to exclude all military concerns from its activities?

First of all, I think we need to draw a distinction here. When we talk about military use, we are not referring to the production of weapons of mass destruction. Clearly, no one wants to ban Europe from manufacturing jet engines, engines that may just as well be used for military aircraft as for civilian aircraft, for submarines or other vessels. Therefore, when we talk about peaceful use, we are of course excluding the production of weapons of mass destruction.

You are aware that, in some circles, there is a very lively debate between those who consider that Euratom should be restricted to peaceful uses and those who are in favour of more flexible procedures. In my opinion, whatever happens, no procedure should be so flexible as to allow for military use outside of Euratom's control.

Members of the Assembly, I have now come to the end of my statement. I think that I kept my promise: I took up a lot of your time, perhaps I was a little boring (*laughter*) and maybe not always very clear.

And now?

I think that I may have already said this, but I shall say it again: a report, in the process of being drawn up based on what I have just been explaining, will be presented to the heads of delegations on 18, 19 and 20 April. I have every reason to believe — except perhaps for one or two reservations which are really only minor details — that the heads of delegations will present a unanimous report to the Ministers of Foreign Affairs, a report which, as I said before, will have the status of a recommendation.

I do not think that it is necessary on this occasion — I am referring to 20 April and the days thereafter — to convene a meeting of the Ministers of Foreign Affairs for a solemn presentation of the report. However, I think that, after five or six weeks, that is, in the final days of May, the governments will have to meet so that they may air their views and decide whether they wish to progress to the next stage: that of drafting the treaties establishing Euratom and the common market.

I therefore believe that we have reached a very decisive moment. Once again, Europe is on the verge of having to take a decision of major importance.

That is why I explained earlier on that I am here today not only to give you the report that you deserve for the initiative that you took in December 1954 but also to ask for your assistance.

Members of the Assembly, last Saturday evening, I gave a speech in Milan. I was told that it was very pessimistic. I cannot hide from you the fact that I am very pessimistic. When I observe what is going on, the anxieties and the difficulties that many European countries are having to face, it would be very hard for me to appear optimistic.

I, too, am a Minister of Foreign Affairs who finds himself in a very unusual situation. If I were asked whether I thought that World War Three was just around the corner, I would honestly say that I think not. As I see it, we are presently going through a normal period in military history: a balance between destructive powers has been struck.

However, the fact that I feel quite calm in this respect is not enough for me to see the future of the European Community in a good light.

The other day, I was once again looking at the political situation of Europe in 1950, as described by Mr Guy de Carmoy in his little book which has since become a classic. It is indeed shocking to see the number of question marks in the scheme he drew up and to see the answers that have since been found, the new problems that occur and the many difficulties that we have to face.

No, amidst the huge economic and social conflict that has begun, I am not very optimistic about the future of our Community. I am, and I remain, convinced that we can prevail, but I also believe that, if we cannot summon up the courage to do all that is required of us, we shall lose the battle.

I am asking for your assistance in view of the major governmental decisions we must take.

I realise that, as a result of a series of major incidents for which no one is to blame, this session of the Assembly has come right in the middle of two events.

Tomorrow, your rapporteurs, Mr Wigny and Mr Van der Goes van Naters, will definitely be discussing two of the issues about which I have spoken today. I sense some danger here. I should be very displeased — let me repeat — if the working party of the Assembly of the European Coal and Steel Community took different routes from the ones we prepared in Brussels. We need to pull together in the next few weeks and

months: we must not go our separate ways. I know, as do those people who worked alongside me, that, when we choose to support a specific technical solution, we want it to succeed, and we oppose anyone who presents other ideas. If, tomorrow, the European Coal and Steel Community were to reach conclusions different from the ones that the heads of delegations reached in Brussels, we should be paving the way for an internal battle instead of fighting side by side.

Therefore, I am asking you to consider this report. As you will be meeting on 8 May, by which time the report that I have broadly outlined today will have been published, I wonder if it would be better to wait until then before taking any technical decisions, before making up our minds so that we may try to ensure, to the greatest possible extent, the success of the work which began in Brussels.

Throughout this speech, I have refrained from rhetoric. I should just like to say, on a more serious note, that, if, after having encountered failure in the military and political spheres, we were, by any misfortune, to fail in the economic sphere, there would never again be a European revival, and our destiny would be sealed.

(Loud applause)