

## Press conference given by Walter Hallstein (1 July 1965)

**Caption:** On 1 July 1965, Walter Hallstein, President of the European Commission, takes stock of the situation in Europe following the meeting of the Council of Ministers on 30 June and 1 July 1965.

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## Position after the Council of Ministers' 'crisis meeting'

Ladies and gentlemen, welcome to this press conference. I do not need to say much about the reason for this conference.

What is the situation? In the few meetings that we were able to hold, we were not able to reach a Council decision on the Commission proposals on the Financial Regulation. The reason for the Council debate on the Financial Regulation was that some of the provisions expired yesterday, so, consequently, an extension was needed. As you know, the Commission has put forward proposals that essentially cover four areas:

1. completion of the Common Market;
2. the transfer to the Community budget of revenue collected on imports into the Common Market at the border, or, to be more precise, levies and customs duties;
3. the more technical, but in practice, of course, extremely important questions of the financing of the agricultural policy itself — which is the central issue;
4. lastly, the strengthening of the European Parliament's budgetary powers.

The situation that has arisen has two sides, a procedural and a practical side. I shall speak about the practical side first, not, of course, to give you an account of every stage in the negotiations but simply to explain to you the Commission's view of the practical aspects and its assessment of the results of the work carried out to date.

Significant progress has been made on the first issue, the completion of the Common Market. The Council concluded relatively quickly that it was highly desirable for the Common Market — the Common Market in general, as well as both its agricultural and industrial aspects — to be completed on 1 July 1967. It was clear that, in order to achieve that, a number of conditions still had to be met:

— with regard to agriculture, the establishment of a number of market regulations and the fixing of a range of prices for agricultural products;

— with regard to industry, also, a number of aspects that, at least if we take a broader view, need to be included as well if we want to talk about the completion of the industrial market.

Amongst these, I include the matters that the Commission summarised in the 1964 initiative and which we proposed should be implemented by 1 July 1967. I mean, for example, ensuring the abolition of fiscal frontiers and also certain matters relating to trade policy, customs law and customs administration.

The debate had reached the stage where, although agreement had not been reached on every detail, there was, to some extent, a favourable attitude towards the Commission's proposals. As regards bringing revenue into the Community budget, there was also agreement on the principle that customs duties as well as levies should constitute revenue for the Community. No agreement had yet been reached as to how the principle should be put into effect, for instance whether it should simply be in the form of a declaration of intent. Nor was it agreed that a specific date should be set for converting customs duties into Community revenue.

On the third point, the details of the Financial Regulation, a number of further questions arose in the final phase of the negotiations last night, some of them on new practical aspects which will have to be looked at again. They relate to the possibility of making financing dependent on the growth of imports. I do not want to go into detail on this, because no conclusions were reached; there was just a general impression that some aspects still need further consideration.

There was no real discussion of the last point, the question of Parliament and its budgetary powers. This happened to be the final background document for discussion. That being the case, it was not given the same

close attention as the other points.

That is a very rough outline of the position on the practical aspects.

As far as procedure is concerned, all the participants made genuine efforts, yesterday and in the early hours of today, to come to an agreement on this issue in general. However, they were unable to do so because — and this is my personal view of the state of the negotiations — the time that it would take to reach an agreement was underestimated. If I try to assess progress in quantitative terms, I would say that the negotiations were about half way towards actually securing an agreement on these issues.

So, to sum up, there was no agreement, but, given the progress made in the negotiations up to this morning, it cannot be said that agreement on the points to be discussed is impossible.

In fact, given the state of the negotiations, there is a good chance that the issues may be resolved in the not too distant future, if the negotiations continue. Do not misunderstand me, ladies and gentlemen. I am not saying that agreement will definitely be reached in further negotiations. No one can say that, because all six partners need to vote in favour, and I cannot, of course, guarantee that each of the partners will find that its interests are so well satisfied on all the issues that it will vote in favour. All I can say is that the general impression from the state of the negotiations, the nature of the issues, the direction of the debate and the spirit in which the negotiations were conducted is that that is a possibility. So, in fact, I would say that the right way to proceed in this situation — as has happened before — is for us actually to stop the clock, stay together and carry on talking.

As you all know, there is a famous precedent in the history of our Community. A few years ago, we had to decide whether the conditions had been met for us to move on from the first phase of the transitional period to the second phase. At the time, the situation on the crucial night was similar to our present situation. Our French friends had put forward a number of issues on which they wanted further discussion and satisfaction. They asked that the negotiations should not be brought to a close that night but continued for a while. We then extended the negotiations for two weeks and, in fact, came to an agreement. We did that, even though the time limit that had been exceeded was actually laid down in the Treaty. I am not saying that to play down the fact that the present Financial Regulation includes a time limit for a further decision. I fully respect the date set for reaching agreement on the new Financial Regulation. But the time that it takes might have been miscalculated. The Council, which enacted the Financial Regulation that includes this time limit, does, of course, have the power to disregard the self-imposed restriction and allow itself a little more time.

I shall finish, ladies and gentlemen, by saying that the Commission has, of course, followed these negotiations very closely. It has asked at every stage what it can do to assist the negotiations. At the moment, the Commission is starting to look at the whole matter again, that is to say, it is reviewing its own proposals to consider whether, in the light of the comments made by members of the Council, we need to amend these proposals, in other words make suggestions for the final agreement. We have not reached any decision on that yet, but I can imagine that the Commission will come to the conclusion that it will, at all events, consider such a proposal, a new proposal. That is what I have to say by way of introduction, and now I am ready to answer your questions.

*Mr President, the French Foreign Minister said last night that France would draw its own conclusions from the situation that has now arisen. Since then, the French spokesman has said that France will not attend any more Common Market meetings for the time being. What are your comments on that?*

It is obviously up to each government to decide for itself whether or not to attend Council meetings. The Treaty includes a number of provisions that determine the requirements which have to be met for the Council to be quorate. If I remember rightly, unanimous decisions cannot be taken if one member is absent.

*May I ask a supplementary question?*

*Mr President, you just referred to the Commission's role last night. Observers have the impression that the*

*Commission might have missed the chance, in the light of the tricky situation that was developing, to put forward its own initiative at the point last night that would possibly have led to a solution. Can you comment on that?*

That is not true. If we had thought that, we would have intervened, but, first, we would have had to agree what is meant by intervention. The Commission was involved all the time in the negotiations, because the discussion around the Council table is always a discussion not just between the six Council members, it also involves the Commission. The Commission was involved throughout the talks and, therefore, helped to further the debate in the course of the discussion.

The matter that I was talking about just now concerns something different. It is a question of whether we say anything to sum up the general situation. It was not the right time to do that, because, as I explained to you, the four main points for debate had not yet been discussed. I did tell you that I thought discussion of the third point — financing — had already broken down, because it was realised that no agreement could be reached on that point tonight.

*Mr President, would you give us a legal opinion as to what the situation will be if France actually decides not to attend any more meetings of the Council of Ministers? What sort of a deadlock will the EEC be in then, technically? I mean, will all work come to a standstill, or will it be possible to carry out certain functions that are dealt with as a matter of course? In other words, I am asking for an assessment of the nature, scale and extent of the crisis that we are in at the moment.*

I do not think it is helpful to the progress of the negotiations for me to answer that question, because the most important thing that we have to do, and what the Commission aims to do in all circumstances, is to avoid dramatising the situation. If I talk hypothetically about what would happen if such and such a course of action were to be taken involving other areas of the Community's work, I think that that would run counter to that aim. I hope that you will appreciate the Commission's basic position.

*Yesterday a journalist asked Mr Couve de Murville whether the timetable was being stopped as it was in 1961. Mr Couve de Murville's answer was that the present situation was completely different. To repeat my question, what would happen if the timetable were to be stopped now?*

May I ask a question here: what 1961 timetable?

*The timetable was stopped, that was the expression used at the time. It was postponed to 14 January. Mr Couve de Murville said that the present situation is quite different, because the impression at the time was that it would still be possible to achieve a result. But if there is no question this time that a result can still be achieved, there is no need to put back the calendar. However, that rather contradicts what you just said.*

I have already answered that question. I said quite clearly that, in my view, the state of the negotiations indicates that they will continue and that there is a good chance of agreement being reached if they do. I therefore feel that stopping the clock would be the right thing to do at this point.

*Yes, but Mr Couve de Murville said he did not want to stop the timetable, because he did not believe that was possible.*

Yes, I understand what you are saying, but we are allowed to have different opinions.

*That is completely inconsistent with what you are saying.*

No, on the contrary. However, I think that you now want to hear what my view is.

*Mr President, given the problems between the Member States, will the Commission mediate with any bilateral talks before the Council meets again?*

I do not rule that out. The Commission will make every effort to extricate the Community from this situation. That is the Commission's duty. Its primary responsibility is to act as guardian of the Treaty and ensure the proper and effective operation of the Community institutions. The Commission will obviously take any steps that might achieve that.

*Do you think that anyone has the right to threaten to paralyse the Community simply because no agreement has been reached on the Financial Regulation?*

That is another abstract question, and one which I shall not answer. No one has, to date, threatened the operation or existence of the Community. We do not want to tempt providence. That is very bad policy.

*Mr President, is the Commission's readiness now to revise its proposals, if I have understood you correctly, not an admission that these proposals were rather too audacious from the start?*

First of all, I cannot tell you yet, and I made that quite clear just now, that the Commission will be amending its proposals. That is not the case, I merely said that the Commission will address this matter.

Secondly, there is always a risk that the proposals the Commission submits will not be approved by all the governments. Many proposals have met with the approval of all governments, on a large number of important issues they have been approved by a majority of governments and, on other aspects of our proposals, only by a minority or even not at all. That is in the nature of the proposals. That being so, the Treaty gives the Commission the right to amend the proposals that it has submitted during the consultation process. And that is why the Commission has converted this right enshrined in the Treaty into established practice.

As you know from our Community's record, the rule is that the Commission amends its proposals during the Council deliberations if that increases the chances of a joint result being achieved. We often do that, but not because we think that the amended proposals are better. Very often, we believe that our original proposals are still the best solution, but, in life, we do not always achieve the best solution we are hoping for, and we do not always achieve it at the time that we would have liked to. That is why we have always reserved the right to be flexible.

Our proposals are complete proposals. I do not want to make another plea for them, but, may I say, that the proposals were more or less generally recognised by the Council of Ministers to constitute a coherent, organic and logical whole. In many cases, the difference was that it was said that the time had not yet come for a decision on such and such a point, however correct the Commission's ideas might be.

*Mr President, we were told by very reliable sources last night that you actually offered to amend the Commission proposals, even if not during the open or secret meeting, and that Mr Couve de Murville had turned the offer down. Would you like to comment on that?*

There was a discussion as to whether the members of the Council, in other words the Council as a whole, should invite the Commission to put forward new proposals. The Council was unanimous on that proposal. That is all I can say.

*Mr President, are you afraid that this situation will have repercussions for the agricultural talks starting in GATT on 16 September?*

I hope that it will not have any repercussions of that kind.

*Mr President, which of the four points was, in your opinion, the main cause of tonight's failure, and could you tell us what were the relative positions of the six countries on those points?*

I cannot say anything about your second question, because, as you know, under the rules of procedure of the

Council of Ministers, deliberations are confidential. I realise that you already know a lot, and so I would not be breaching any confidentiality, but I have to adhere to that principle. I would say that your first question — I'm sorry, this sounds like a criticism of your question — is unanswerable. If we need agreement on sixty points for the Financial Regulation to be agreed, and no agreement has been reached on umpteen points, it is pointless to ask which of them is the most important. Agreement is needed even on a single point, on the final point, in order to reach a general agreement. It is a principle of these negotiations, is it not, that 'interim agreements' can be reached, but these interim agreements are conditional upon overall agreement. That is how any conference works, does it not, and so even minor points that have not been agreed on delay the signature of the whole package.

*Mr President, do you think the claims by the French that the Council of Ministers as a whole was unwilling to reach agreement are justified?*

I am afraid that I cannot answer the question whether I consider a statement made by any member of the Council of Ministers to be true or false. I do not want to make what I say here personal. I do not know about those claims, I was not there when they were made, was I? So I shall respond only to the objective part of your question.

Were the members of the Council of Ministers unwilling to reach agreement? I do not think so. I already said in my introductory remarks that my impression is that they all tried to find a solution to this problem. But it is a difficult and complex problem which is, as we know, linked to a whole range of other problems that had to be addressed on this occasion, and it was simply not possible to resolve it. I could see from the course of the negotiations that the will was actually there to reduce the area of disagreement gradually, step by step, and move closer and closer to the 'hard core' and reach an overall agreement.

*Mr President, do you not think that two fundamentally different concepts of European unification are in conflict here and that we are therefore going through the most serious crisis since 1958?*

Mr Metzemaker, you know that I abhor big words. I do not like the word crisis. We have been in many difficult situations. I do not like big words. I said, secondly, and please believe me on this, that my intention was — and that was my only intention, apart from telling the truth when I came to this press conference with you — not to say anything that will create or exacerbate a mood of crisis.

The fact is that difficulties have arisen in the negotiations on individual items on the agenda, that is to say the individual items that make up the four main categories. I do not think that it is helpful to the development of our Community for me to speculate at this stage whether a particular government's agreement or disagreement on a particular detail was ultimately motivated by more fundamental differences of opinion on our Community's ideology, general policy or structure. So I am afraid I cannot say anything more on that point.

*Mr President, what do you think is the likelihood of a ministerial meeting before 26 July, and will the Commission be taking any steps for a meeting to be convened before then?*

I would be pleased if a meeting were to be held before that, but I do not think that there is any real possibility. I hope that my prediction is wrong.

*Mr President, you say that the Commission submitted these proposals. It now turns out that unanimity would never have been possible on this point before 30 June. Now you say that you might want to make the date more flexible. Has it not taken too long to decide on this flexibility, and can this postponement not be seen as a reason for the crisis that has just developed?*

I would be very happy for the Commission to take the blame for the fact that it was not possible to reach full agreement tonight. Then this situation could be resolved very easily, and the Commission would already have resolved it at three o'clock this morning. I do not believe that the fact that the Commission has merely intervened at each phase of the negotiations on any point where it saw the need but did not formally amend

its proposals had any bearing on the negative outcome of this phase of the talks on the subjects of the negotiations.

*Mr President, the former President of the Council, Mr Couve de Murville, said at his press conference yesterday that there was no point now in arranging any more Agriculture Council meetings. Will the Commission leave it at that, with all the Agriculture Council's planned meetings being postponed?*

I think that that is a question that should be addressed primarily by the new President of the Council, since he is responsible for the arrangements for the planned meetings. It was left open yesterday whether the Agriculture Council meeting planned for 12–13 of this month would be held or not, and it was accepted, half explicitly, half tacitly, that that was a matter that the new Council President would have to address.

*Mr President, what specific steps do you think could be taken to improve the current situation?*

Further talks.

*How can that be achieved?*

By everyone agreeing to them. The Commission has been trying very hard to enlist support for them.

*Mr President, since you believe that there are prospects for an agreement, we do not quite understand why matters have been postponed indefinitely and why no date has been fixed.*

I cannot answer that question either.

*Mr President, I would like to ask what objective rights a Member State has under the Treaty of Rome if it feels that its interests have been harmed by a failure to meet a deadline laid down in a Regulation? Does it have any rights under the Treaty that it might exercise?*

No. There are no sanctions. That is one reason why I am always in favour of further talks. Continuing the talks is the right way to go about it.

*Mr President, before last night, even at the Council meeting before last, there was an impression in German and French circles, given the Franco-German agreements in Bonn and Paris, that this was contrary to the principle that Community matters should be considered jointly and that that might create a risk of Germany and France deciding to go it alone. Is that your view as well?*

No.

*I believe that the Luxembourg Government suggested during the negotiations that the specific proposals submitted by the Commission that entailed a revision of the Treaty articles should be postponed to the debate or negotiation on the amalgamation of the three European treaties in order to, if you like, make it easier to reach general agreement. What do you think of that solution?*

I think that is a very interesting suggestion that is worth considering.

*In the legal dispute between France and the EEC Commission on the interpretation of Regulation No 25, France takes the view that an obligation has not been met. You, on the other hand, do not agree, because all the parties were willing. Could this dispute not be referred to the Court of Justice in Luxembourg?*

No, because, after all, the European Court of Justice in Luxembourg cannot do what the Council has not managed to do tonight, that is to say adopt the new Financial Regulation. Obviously, as I said before, there is a legal obligation to comply with that time limit. But, as I have already said, that is a legal obligation without legal sanctions. If, for instance, we had continued to sit now and had achieved a result tomorrow evening or next Tuesday, the Financial Regulation would not have been invalid just because we had adopted

it 5 or 10 or 14 days later.

There is no dispute about that, nor was there any dispute in the Council that all the parties have a real obligation to meet the deadline. It is not the case that, for instance, only five participants failed to meet the deadline as compared with the French author of the resolution. None of the six managed to do so. All six made an effort, and all six should recognise, without it being possible to identify which one was specifically responsible, that all of them were unable to. I know that there is no point in discussing who was to blame, but, if one wanted to, one would say if anyone was to blame, which, as I said, they were not — because I had to acknowledge that all the governments tried hard to find a solution to the problem — then it is the fault of the Council.