

INDUSTRIAL DEVELOPMENT IN EUROPE



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PART ONE

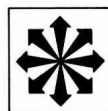
INTERNATIONAL REVIEW



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1

Economic Background of the EEC

The Common Market was established in 1957 when the six founder members – West Germany, France, Italy, Netherlands, Belgium and Luxembourg – signed the Treaty of Rome. The European Economic Community commenced operations in 1958. In January 1973, the remaining three members – the United Kingdom, Denmark and the Republic of Ireland – were admitted into the Community. At this stage a referendum held in Norway, decided by a narrow majority for this country to remain outside the Community.

The programme laid down in the Treaty of Rome (see Figure 1:1) provided for the establishment of a customs union, eliminating all customs duties inside the Community and applying common external tariffs on industrial goods. By 1968 the original six members had largely implemented this process and internal customs tariffs ceased to exist. The three new member countries have not yet had time to harmonize their customs procedures with those of the Community. It is anticipated that the complete abolition of inter-community customs duties will be achieved by 1977.

The Treaty of Rome envisages eventual political union between the member countries and contains provisions for the establishment of a Community Parliament. This Parliament is composed of representatives from the parliaments of member states, but although it meets regularly, it does not yet have any executive powers. All Community decisions are taken by the Council of Ministers. This Council consists of one minister from each member state. This minister is usually the foreign minister of each government but where the Council meets to discuss specific problems, the minister most directly involved normally represents his country. Decisions are normally taken by a majority vote but on

Article 2

The Community shall have as its task, 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 increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it.

Article 3

For the purposes set out in Article 2, the activities of the Community shall include, as provided in this Treaty and in accordance with the timetable set out therein :

- (A) the elimination, as between Member States, of customs duties and of quantitative restrictions on the import and export of goods, and of all other measures having equivalent effect;
- (B) the establishment of a common customs tariff and of a common commercial policy towards third countries;
- (C) the abolition, as between Member States, of obstacles to freedom of movement for persons, services and capital;
- (D) the adoption of a common policy in the sphere of agriculture;
- (E) the adoption of a common policy in the sphere of transport;
- (F) the institution of a system ensuring that competition in the common market is not distorted;
- (G) the application of procedures by which the economic policies of Member States can be coordinated and disequilibria in their balances of payments remedied;
- (H) the approximation of the laws of Member States to the extent required for the proper functioning of the common market;
- (I) the creation of a European Social Fund in order to improve employment opportunities for workers and to contribute to the raising of their standard of living;
- (J) the establishment of a European Investment Bank to facilitate the economic expansion of the Community by opening up fresh resources;
- (K) the association of the overseas countries and territories in order to increase trade and to promote jointly economic and social development.

Figure 1:1 Treaty of Rome