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CABINET**THE SECOND MEETING OF THE COMMITTEE OF EUROPEAN ECONOMIC CO-OPERATION HELD IN PARIS FROM 15TH TO 18TH MARCH****MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS**

I circulate herewith for the information of my colleagues a report on the proceedings of the recent meeting of the Committee of European Economic Co-operation held in Paris from 15th-18th March, 1948.

2. The meeting, which was convened jointly by M. Bidault and myself, was attended by the Foreign Ministers of all the sixteen participating countries with the exception of Iceland and Switzerland. The Plenary Session set up at its first meeting a Committee of Alternates to make recommendations to the plenary body on the three items on the agenda. This Committee, of which Sir Oliver Franks was chairman, continued discussion on 17th and 18th March after the Foreign Ministers had left the Conference.

Plenary Sessions

3. After receiving the report of the Alternates, the Plenary Committee at its second session adopted, for transmission to the United States Government by myself as Chairman of the Conference, a report setting out the progress achieved in European Economic Co-operation since the first meeting of the Committee of European Economic Co-operation in Paris in the summer of 1947, and took note of the comments of the Technical Committees on the United States Commodity Reports on food and agriculture, fuel and power, iron and steel, inland and maritime transport, and timber. The Secretary-General of the Conference was instructed to make these comments available to the participating countries and to the United States Embassy in Paris. The Conference further agreed that the Combined United States-United Kingdom Zone and the French Zone of Germany should be regarded as independent participating areas and that they should both be signatories of the proposed Multilateral Agreement between the participating countries. The Conference finally agreed to the establishment of a Working Party—

- (a) to consider the purpose, aims, functions and structure of a Continuing Organisation of the Committee of European Economic Co-operation;
- (b) to prepare a draft Multilateral Agreement; and
- (c) to prepare for a reconvening of the Committee of European Economic Co-operation at a date to be decided later.

4. It was agreed that the Combined United States-United Kingdom Zone and the French Zone of Germany should participate in the work of the Working Party.

5. The texts of the resolution on Germany and the resolution giving the terms of reference of the Working Party are attached as Annexes A and B respectively to this paper.

The Committee of Alternates

6. It was hoped, before the Conference met, that the Ministerial meeting would not last for more than two days and that it would be followed by at most a further two days consultation between the Alternates. In spite of the importance

of the Agenda, the Conference worked with impressive speed and we were able to keep to the proposed time-table. After the end of the Plenary Meetings, the Alternates agreed upon a further instruction to the Working Party on the purposes, aim and structure of the Continuing Organisation. The text is at Annex C.

7. Although the Eire Foreign Minister could not refrain from mentioning the unification of Eire or the Portuguese Foreign Minister the desirability of welcoming Spain into the fold, I was particularly encouraged both by the helpful note struck by the speeches of the chief delegates, including those of some countries which might have been expected to be more reserved. The willingness of delegates to waive lesser differences in favour of speed and co-operation was also a most satisfactory feature of the meeting.

8. I should like in conclusion to express my appreciation of the valuable services again rendered by Sir O. Franks at this meeting and also of the good work of those responsible for the preparation of the Paris meeting.

E. B.

*Foreign Office, S.W. 1,
1st April, 1948.*

REPORT

AT the invitation of M. Bidault and myself the representatives of the sixteen countries participating in the European Recovery Programme reassembled in Paris on 15th March for a short meeting of the Committee of European Economic Co-operation with the following agenda:—

- (a) To consider and approve the report by the Secretary-General of the Paris Conference on co-operation between the participating countries, mentioned in paragraph 3 above.
- (b) To receive the reports prepared by the chairmen of the technical committees on the Commodity Reports tabled by the United States Administration.
- (c) To constitute and frame terms of reference for a working party consisting of representatives of the sixteen Governments.

2. His Majesty's Government and the French Government later invited the member-countries to agree to the addition of a further item to the agenda concerning the participation of the zones of occupation of Western Germany in the work of the C.E.E.C.

3. The Governments concerned all indicated their intention of being represented by their Foreign Ministers, with the exception of Switzerland and Iceland. In the event fourteen Foreign Ministers assembled in Paris and the Ministerial meeting under my chairmanship lasted two days. Sir Oliver Franks, who acted as Chairman of the Committee in my absence at the first meeting from July to September, 1947, took the chair at meetings of the Ministers' Alternates both during the two days when the Foreign Ministers were present and at further sessions on 17th and 18th March after the Ministers had left Paris.

4. The agenda of the meeting, although not long, was of great importance. Nevertheless the speed with which the Conference reached agreement upon the items to be discussed was most encouraging. At its first session on 15th March the Committee agreed to remit a study of the items on the agenda to the Committee of Alternates, which met later the same evening and again on the following morning. They quickly reached agreement upon the final draft of a report on the progress of European Economic Co-operation; this report was transmitted by them to the Plenary Meeting for adoption and transmission to the United States Government by myself as Chairman. The second Plenary Meeting adopted the report without discussion.

5. The Alternates further considered the comments of the Technical Committees which had been studying the United States Commodity Reports on food and agriculture, fuel and power, iron and steel, inland and maritime transport and timber. These reports were introduced by the Chairmen of the respective technical committees. In the absence of the Chairman of the Technical Committee on Food and Agriculture, the comments were introduced by M. Boerma (Holland). After a brief discussion in the Committee of Alternates they were forwarded to

the Plenary Meeting with a suggestion that the Plenary Meeting should take note of the comments by the Technical Committees, and should instruct the Secretary-General to make these comments available to the participating countries and to the United States Government. At the Plenary Meeting brief comments were made by M. Tsaldaris, Foreign Minister of Greece, and M. Sadak, Foreign Minister of Turkey, otherwise the comments were not discussed and the Plenary Meeting adopted the recommendation of the Committee of Alternates.

6. The Plenary Meeting further adopted a resolution on the participation of the Combined United States-United Kingdom Zone and the French Zone of Germany in the Continuing Organisation and in the Working Party set up to study the establishment of a Continuing Organisation (Annex A). In the Committee of Alternates some slight difficulty had been caused by the fact that the two Western areas of Germany would have two votes so long as the French Zone was not fused with the Combined United States-United Kingdom Zone. This difficulty had however been overcome by agreement that in principle decisions of the Continuing Organisations should not be made by voting but by a mutual agreement. Finally, the Plenary Meeting adopted the terms of reference of the Working Party which is to study the establishment of the Continuing Organisation (Annex B).

7. The Alternates met on 17th and 18th March after the Foreign Ministers had left Paris to consider additional instructions to the Working Party within the framework of the terms of reference adopted by the Plenary Meeting. The Committee agreed on a directive setting out in outline the purposes, aim and structure of the Continuing Organisation, and calling upon the Working Party to prepare a draft Multilateral Agreement on the basis of the Paris pledges (Annex C). The Plenary Meeting agreed that the progress report on European Economic Co-operation, the Resolution on Germany, and the terms of reference of the Working Party should be made available to the Press. The Working Party meetings are to be held in private and a further decision on publicity will be made at the next meeting of the Committee of European Economic Co-operation.

ANNEX A

RESOLUTION OF GERMANY

WHEREAS the full co-operation of Germany in the work of the Continuing Organisation is essential to European Economic recovery;

The Committee recommends that:—

- (i) In default of the economic unity of Germany, the Combined (United States-United Kingdom) Zone and the French Zone should each be regarded as an independent participating area.
 - (ii) Each of those two areas should be a signatory of the proposed multilateral agreement.
 - (iii) The two areas should each participate fully in the activities of the Continuing Organisation, including, where appropriate, the work of any Committees or other bodies which may be set up to carry out the objects of the European Recovery Programme.
 - (iv) Inter-governmental agreements relating to the European Recovery Programme should be signed in respect of each area by or on behalf of the occupation authorities in that area.
 - (v) Each of the two areas should be represented on inter-governmental bodies established for European Recovery Programme purposes by representatives of the occupation authorities with appropriate officials.
 - (vi) The same method of representation shall be adopted for the working party which it is proposed to set up.
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ANNEX B

RESOLUTION BY C.E.E.C.

Terms of Reference of Working Party

I

IT is agreed that a Working Party consisting of representatives of all the participating countries be set up forthwith with the following terms of reference:—

- (a) To submit proposals to the next conference of C.E.E.C. as to the purpose, functions and organisation of the new body. Such proposals to be of as comprehensive and detailed a character as is possible.
- (b) To prepare a draft multilateral agreement for submission to the next conference of C.E.E.C.
- (c) To prepare for the next conference of C.E.E.C.

II

In the light of the above terms of reference, the Alternates are requested to consider the addition of such explanations and guidance as they think necessary to assist the Working Party.

III

The task of the Working Party is defined above. The C.E.E.C. wish to lay down that the Working Party shall in pursuance thereof give no publicity to their deliberations. They further draw the attention of the Working Party to the desirability of carrying out their task with all necessary discretion.

Paris, 16th March, 1948

ANNEX C

INSTRUCTIONS FOR THE WORKING PARTY PREPARING FOR THE CONTINUING ORGANISATION AGREED AT THE MEETING OF ALTERNATES HELD ON THURSDAY, 18TH MARCH, 1948, AT 11 A.M.

THE purposes of the Organisation, on which the Working Party is to make recommendations, are economic.

2. Its aim will be to promote and facilitate the realisation of the economic co-operation of Europe, with the immediate task of ensuring the success of the European Recovery Programme, so that Participating Countries may become independent of extraordinary outside economic assistance as soon as possible.

3. The Organisation shall consist of an assembly of representatives of all the Participating Countries. This assembly shall be the body from which all decisions derive.

4. The assembly shall set up organs for the execution of its decisions, including an Executive Committee and a General Secretariat. The Secretary-General will be under the general instructions of the assembly, whether communicated directly or by means of the executive committee.

5. The general business of the organisation shall be transacted by decisions resting on mutual agreement.

6. Subject to acceptance of its application by the assembly, membership shall be open to any country which adheres to the joint programme for European recovery based on self-help and mutual co-operation.

7. A draft multilateral agreement shall be drawn up in conformity with the declaration and pledges of the C.E.E.C. and other relevant documents.

