Address given by Pierre Werner on Luxembourg and the empty chair crisis (Luxembourg, 6 January 1966)

Caption: On 6 January 1966, Pierre Werner, Luxembourg Prime Minister and Foreign Minister, gives an address to the Luxembourg Chamber of Deputies in which he outlines, in particular, the causes of the empty chair crisis and sets out the position adopted by his country in order to overcome the political and institutional tensions which have divided France and its European Community partners since 30 June 1965.

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The Grand Duchy of Luxembourg's foreign policy

Address given to the Luxembourg Parliament (Chamber of Deputies) on 6 January 1966 by His Excellency Pierre Werner, Minister of State, Minister of Foreign Affairs, in the debate on the foreign affairs budget.

[...]

European issues

Developments on European affairs were characterised in 1965 by two major events — firstly, the signature in Brussels on 8 April 1965 of the Treaty merging the Communities' executive bodies and, secondly, the crisis that broke out in the Communities on 30 June of the same year. I shall start by discussing the latter problem, and shall go on to look at how the entry into force of the Merger Treaty is to be understood in relation to the resumption of the work of the Communities.

Crisis in the European Communities

As we are aware, in summer 1965 the French Government stopped participating in the bulk of the Communities' work. This led to what has become known as the 'empty chair' crisis. The French decision was taken when negotiations on agricultural policy had not been completed by the agreed deadline of 30 June. While this decision may have been taken in part because of differences in underlying political doctrine, it nevertheless arose directly out of problems in integrating the Six within an agricultural framework.

Three subjects were under discussion in the June negotiations. Firstly, the question of financing agricultural policy, in other words, on the one hand, the way in which the Community would take responsibility for the expenditure required to strengthen agriculture and to ensure an adequate income for producers and, on the other, the distribution among the six Member States of the relevant costs. In January 1962, the adoption of a regulation on this agricultural financing, Regulation No 25, had been one of the prerequisites for moving to the second stage of the Treaty of Rome. However, this regulation had been unable to resolve all the financing problems. Indeed, it limited itself to providing for agricultural financing from 1962 to 1965 and did not see full financial responsibility for agricultural operations being assumed by the Community until 1 January 1970, the date from which agricultural levies on imports from third countries were to be paid into the Community treasury.

In December 1964, when the Council of the EEC took major new decisions on the subject of cereals products and derivatives, the 1962 agreements had been confirmed, with particular regards to the obligation to plug the gaps in Regulation No 25 by 30 June 1965. In April 1965, in accordance with the Community procedure, the Commission of the EEC submitted formal proposals for resolving these problems.

What did these proposals involve?

Firstly, they provided for the creation of a single agricultural market for all agricultural products as from 1967. This three-year reduction in the original timetable was intended to make it possible to synchronise implementation of the single agricultural market with that of the single industrial market. Secondly, agricultural expenditure was to be financed by the Community, which would secure the necessary funds by allocating to itself, under the heading of 'own resources', revenue hitherto collected by national authorities on imports of industrial or agricultural products originating in third countries. Thirdly, the Commission proposed increasing the budgetary powers of the European Parliamentary Assembly. In the opinion of the Commission, if the Community were to be allocated its own resources, this would mean that they would be outside the control of national parliamentary bodies. To compensate for this loss of power on the part of the national institutions, the transfer of resources to the Community was to be combined with effective monitoring by the democratic institution of the Communities, in other words by the European Parliament.

Indeed, the Commission's proposed innovation involved, moreover, not so much increasing Parliament's budgetary powers but rather modifying the voting system currently in force in the Council.

During June, the Council devoted several meetings to discussing these problems, which proved to be particularly complex since important interests were at stake. Indeed, it was calculated that the Commission's proposals could end up by our putting up to 150 thousand million of our francs at the Community's disposal (although estimates vary widely depending on the experts consulted). Around half of this amount would be destined for the common agricultural policy and would thus be subject to virtually automatic allocation in accordance with the agricultural regulations in force. Nor must it be forgotten that these proposals came at a time when there were serious differences of opinion among the Six as to the progress of integration in the various sectors of economic union and on trade outside the latter, as shown by the laborious preparations for the Kennedy Round of negotiations within the EEC's institutions.

In the Council meeting of 30 June, ,as we know, the French delegation refused to discuss the Community's own resources and an increase in Parliament's budgetary powers. It regarded these issues as outside the scope of agricultural negotiations which, according to the delegation, were restricted by the 1962 agreements to the field of agriculture alone. In contrast, the French delegation seemed to be prepared to make fairly major concessions on agricultural or economic issues. For example, it accepted in principle German demands with regard to the simultaneous establishment of a customs union in the fields of industry and agriculture. It also accepted that the contributions to Community agricultural expenditure would be based not solely on the value of agricultural imports but also on Member States' ability to pay. This being so, the French delegation regarded 30 June as a cut-off date, after which negotiations could not usefully be continued. Luxembourg's position, at this stage of the negotiations, may be summarised as follows. We had no difficulty in accepting the Commission's three proposals, subject to some amendments. Together with the Belgian, Dutch, German and Italian delegations, we believed that these proposals constituted a cohesive whole and that the Commission was fulfilling its role in presenting such ideas to the Council. On the other hand, we believed that it was essential strictly to fulfil earlier commitments and, in particular, the obligation to adopt the financial regulation by 1 July 1965, without, however, regarding this as a final date, in the sense that the final date could be very briefly deferred so that an agreement might be concluded which covered genuine technical problems. Lastly, we accepted that it was impossible to make progress in discussing own resources and Parliament's powers when one of the delegations was refusing to consider these issues and the positions of the other delegations were far from being identical, with some wanting to go further than the Commission and others being much more cautious.

Under these conditions, and given that, interesting though they were, the proposals in question were by no means immediately essential — particularly since the strengthening of Parliament's powers involved amending the Treaty — the Luxembourg delegation considered that these problems could be deferred until the Communities were merged. That would be better than running the risk of provoking, at this point, the failure of the agricultural negotiations or a serious crisis. At that time, we believed that it was both desirable and possible to acknowledge, in a formal declaration, the existence of these problems and the logical link between the various orders of development proposed. Provided that we made an immediate start on allocating the Community its own resources, in accordance with the Treaty, we could, at the same time, commit ourselves to resolving this problem definitively either at the point when the Communities are merged or, at the latest, at the end of the transitional period. The compromise that I had proposed on this basis remained on hold because of the breaking off of negotiations.

We know what followed — with only a few exceptions, the French Government has been refusing to take part in the work of the institutions. In particular, it was not represented at the Council meeting convened for 26-27 July 1965 to hear a progress report on the situation and to take note of a Commission memorandum setting out new solutions to the financing of the common agricultural policy and the establishment of the Community's own resources.

We had to wait for the press conference held by the President of the French Republic on 9 September 1965 in order to have a clearer grasp of France's intentions with regard to the European Communities. There was no official communication setting out these positions to the other five governments.

Whatever may be the positions that one could take on the substance of the arguments put forward by the French authorities, the Luxembourg Government believed that it was important not to fan the flames of the crisis with untimely statements either by governments or by the Community institutions. Nonetheless, it intended to set out clearly its own attitude to the problems posed. I may summarise it briefly as follows:

— a solution to the crisis affecting the Communities needs to be found on the basis of the Treaties and within the framework of the common institutions;

— we need to try to settle the question of the financing of the common agricultural policy as soon as possible. This needs to be considered in connection with the harmonious progress towards the completion of a customs union and economic union in all sectors;

— lastly, the institutional structure of the Communities, as it currently exists, appears to be essential to the success of the process of European integration, and so we must try to preserve it.

This being so, we also need to distinguish between appearances and genuine problems and to determine the real balance between government prerogatives and the powers of the Community institutions. This applies in particular to the majority voting rule, given the interdependence of the interests involved on everyone's part. Indeed, the experience acquired in recent years has shown that, hitherto, the Member states have adopted an attitude that is both responsible and cautious in exercising their right to vote.

The same considerations inspired our attitude when the initiatives of the Belgian Minister of Foreign Affairs — dubbed the 'Spaak Plan' by the press — were brought to our attention. Their essential aim was to resume the dialogue between the six partner nations in order to prevent a breakdown in the life of the Community. To make it easier for France to return to the negotiating table, the Belgian Minister proposed that the governments should meet only in the configuration of the Council, as provided for in the Rules of Procedure, in order to find out more specifically what the French Government's real intentions were.

On 25 October 1965, the Community Councils again met in Brussels without France. They held a detailed exchange of views on agricultural policy. The Five were able to approximate their positions more closely together on the basis of the proposals submitted by the Commission in July. At the same time, they eliminated major earlier differences *vis-à-vis* the French position. However, their deliberations related, above all, to the general situation in the Community, in other words to the crisis. It soon became clear that they were unanimous on the need to pursue the implementation of the Treaties of Paris and Rome, in their loyalty to the principles set out therein and in seeking, within the framework of the Treaties and the institutions, a solution to the problems that the Communities are facing.

Drawing attention to this requirement, the five delegations who met in Council addressed an urgent appeal to the French Government to resume its seat in the Community institutions. They expressed their conviction that it would then be possible to adopt, in accordance with Community procedures, the regulations required to complete the common agricultural policy and in connection with the harmonious development of the Community. Lastly, the five delegations invited the French Government to attend an extraordinary Council meeting as soon as possible, this meeting being held, exceptionally, in the presence of government Ministers only.

In the Council meeting held in Brussels on 30 November 1965, this position was summarised and confirmed.

As we are aware, shortly afterwards, the French Government agreed to this extraordinary meeting. Moreover, it was proposed that the meeting should be held in Luxembourg during this month. In accordance with the rotation of the Presidency, the Luxembourg delegation will be called on to direct the work of the Council as from 1 January 1966. Obviously, it is difficult at this stage to predict what might happen in European affairs — we shall have to wait for the outcome of the forthcoming meeting of the six Ministers.

What is certain, however, is that, in order to manage the Communities, we shall have to take certain important decisions before long. Two important measures were, however, able to come into effect on 1 January this year by virtue of the automatic operation of the Treaty of Rome — firstly, a further reduction in customs duties within the Common Market (which will leave only 20% of the initial duties still in force), and, secondly, transition to the third stage of the transitional period.

On the other hand, some other important matters are still outstanding. For example, it has not yet been possible to agree on budgets, and the Communities will be obliged to exist on the basis of provisional twelfths until agreement is reached.

The Community also needs to define its positions rapidly if we are to continue the Kennedy Round, with particular regards to the agricultural problems. The Trade Expansion Act that authorises the American Administration to conduct these negotiations is due to expire on 30 June this year. It would be regrettable if the Community's shortcomings were to contribute to the failure of negotiations when we have all approved their aims and when the reasons why it is proving difficult to complete them are partly outside the control of the six Community Member States.

Finally, another problem that is still unsolved is that of the second approximation of national customs tariffs with the external tariff of the Communities, which would normally have been carried out on 1 January this year. However, this approximation has had to be delayed so that the six countries may jointly review a situation that is fairly complex.