Treaty of Rome

Came into force 25 March 1957

Summary

The Treaty of Rome is the founding treaty of what was to become the European Union. Its signatories were France, Germany, Italy and what were then known as the Benelux countries, Belgium, Netherlands and Luxembourg. These three countries already had their own internal market.

The process towards 'ever closer union among the peoples of Europe' contained in the Preamble to the Treaty, and for which the Treaty of Rome was to lay the foundation, starts with a focus on economic integration.

The institutional framework has remained basically the same. What has changed is the stronger federal structure reflected in the joint decision making role of the Parliament.

Under the Treaty of Rome laws were made by the Council of Ministers on the basis of proposals from the Commission. At this stage the Assembly (European Parliament) has a largely advisory role which it exercised at the request of the Council.

Democratic accountability is exercised through the Council of Ministers and already to a limited extent by the Parliament whose delegates are elected representatives in their own country. The Parliament also already has the power to dismiss the college of Commissioners.

Establishes a common market

Transitional period of between 12 and 15 years. In that period:

- Progressive reduction of duty on imports from member states;
- Setting of Common Customs Tariff in trade with third countries of between three and 25 percent according to product group;
- Progressive reduction of import quotas among member states;
- No discrimination or disguised restrictions on trade between member states.

Common Agricultural Policy

Common Market rules to be applied to agriculture and fisheries.

Sets up a common organisation of agricultural marketing with guarantee funds, with the objectives of:

- Increasing productivity, technical progress, optimal utilisation of labour and means of production;
- Providing fair standard of living for agricultural community;
- Stabilising markets;
- Ensuring availability of supplies;
- Ensuring reasonable prices.

Grants in aid for farming enterprises handicapped by structural or natural conditions within framework of developed programmes for local economy.

Free movement of persons

Abolition of discrimination based on nationality between workers of the member states as regards employment, pay and offers of jobs. This provision not to apply to employment in public services.

People to be able to move freely within the territory of the member states and be able to stay in any one of them.

Mutual recognition of diplomas, certificates or other evidence of qualifications.

For migrant workers and dependants aggregation of benefit rights earned in more than one member state.

Right of establishment

Right to set up companies, including acquisition of land and buildings, and to act as self employed in another member state on same terms as for nationals of that state. These freedoms not to apply to activities in the government sector.

Services

Companies and persons free to provide services in any member state: industrial, commercial, craft, professional activity.

Liberalisation of banking and insurance services to proceed *pari passu* with liberalisation of movement of capital.

Capital

Removal of all restrictions on the movement of capital belonging to persons resident(s) in member states.

Progressive co-ordination of exchange policies among member states in respect of movement of capital between member states and third countries.

Transport policy

Objectives of the policy (in relation to rail, road and waterway)

- Set common rules applicable to international transport among member states or passing across the territory of one or more member state;
- Set conditions under which no resident carriers may operate within the area of the member states;
- Harmonise carrier rates;
- No imposition by a member state of rules or conditions providing any element of support or protection for local carrier unless authorised by the Council.

Frontier dues not to be excessive and be progressively reduced.

Rules on competition

The following agreements and practices that affect trade among member states and seek to prevent, restrict or distort competition, are prohibited:

- Fixing purchase or selling prices;
- Limiting/controlling production, marketing, development or investment;
- Sharing markets or sources of supply;
- Applying dissimilar conditions to equivalent transactions with other trading partners.

Exemptions from these prohibitions will be permitted in the case of agreements between companies and associations of companies, and in the case of initiatives to improve production, promote technical progress which do not eliminate competition in respect of a substantial part of the products.

No abuse permitted of a dominant position within the common market or a substantial part of it in terms of imposing unfair purchase or selling price, or limiting production, to the disadvantage of the consumer.

Restriction on financial aid that distorts competition by favouring certain concerns except where the help is targeted at economically depressed areas.

European Social Fund

Its purpose is to improve employment opportunities for workers and raise living standards. Fund will contribute 50% of re-employing workers by means of vocational training and resettlement allowance, payable after six months in the new job/ new place of residence.

The Institutions of Governance

European Parliament

- Advisory and supervisory powers only;
- Delegates nominated by member states from member states parliaments (as of the Act of July 17, 1979 representatives were to be elected by direct vote in the member states with a total of 518 delegates);
- Holds an annual session in March to review the annual report of the Commission. It may meet in extraordinary session at other times if requested by a member, the Council or the Commission;
- Has the right to propose amendments to the annual budget;
- A motion of censure on the Commission if carried by two-thirds majority of votes cast representing a majority of members of the Parliament, will cause the Commission to resign *en bloc*.

The Council

Consists of representatives from the governments of member states. Its role is to ensure the co-ordination of economic policies and has the power to take decisions. It shall meet when convened by the President and when required by one of its members or the Commission. It will act by a majority of its members or when required, by qualified majority vote.

The Commission

The Commission will draft legislative proposals as requested by the Council, implement the provisions of the Treaty, and ensure that measures taken by the institutions are applied.

Members will be independent, not taking instructions from any government or other body. Their appointment will be by common accord of the member states and have a four year term.

Other institutions

The **Court of Justice** with nine judges and four advocates-general charged with ruling on EEC laws.

The **Economic and Social Committee** responsible for giving advice on request from the Council and the Commission. Its representatives will be appointed by the Council from a range of economic activity and will act in a personal capacity.

Audit Board responsible for ensuring EEC monies were spent as authorised.

European Investment Bank for facilitating economic expansion and opening up fresh resources.

For the full text of the Treaty of Rome, including the Preamble that sets out the objectives of the project, see
http://ec.europa.eu/economy_finance/emu_history/documents/treaties/rometreaty2.pdf

For a summary of the Treaty see
http://europa.eu/legislation_summaries/institutional_affairs/treaties/treaties_eec_en.htm