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TRANSATLANTIC TIES STRENGTHENED FURTHER

Scientific and technological cooperation offers "a significant and hopeful field for future work together" between the United States and the European Community, Mr. Roy Jenkins, President of the EC Commission, believes.

Delivering his annual state of the Community message to the European Parliament in Luxembourg on February 13, Mr. Jenkins said the close relationship between the two trading blocs had developed further during recent months. Apart from a steady flow of high level exchanges between Washington and Brussels, President Carter had visited the Commission early last year and he, himself, had been to the White House for a further round of discussions in December, Mr. Jenkins added.

These meetings had enabled them to review the main issues conditioning the relationship between the two largest trading powers in the world and to explore the possibilities for new fields of cooperation.

The other major foreign policy achievement for the Community during the past year, Mr. Jenkins said, was the trade agreement concluded with China last April. When Peking decided to open up and to increase its international exchanges, the Community was among the first to whom China turned. He said he was confident that during the current year the Community could "develop its trade and understanding with China still further."

MULTILATERAL TRADE NEGOTIATIONS

In some other sectors of foreign policy, however, the Community still faced "difficulties and dilemmas", Mr. Jenkins said. "These have been underlined in two vitally important negotiations which are now coming to a conclusion" -- the multilateral trade negotiations and the talks to conclude a new trade and aid treaty with developing countries in Africa, the Caribbean and the Pacific which will replace the existing Lome Convention.

The Community had to ensure that any new trade system contained its own checks and balances. The Community had, for example, found it necessary to introduce measures to protect employment in certain industries like textiles, steel and shipbuilding which suffer acutely from overcapacity and excess labor. Such measures would be acceptable to trading partners like the United States and developing countries only if they were accompanied by active and responsible policies to adapt the Community's economies to new circumstances.

ECONOMIC SUMMITS

Needless to say the Community was not alone in facing the problem of finding its place in a constantly changing world economy, Mr. Jenkins said. The regular western economic summits had a particular significance in promoting interdependence between the world's major trading partners. Economic summits, which had now become a permanent feature of international life, were beginning to make "a major and welcome contribution to the management of the world economy". The Community had and would continue to play a significant role in these summits.

Mr. Jenkins said he hoped that during future summits the Community, fortified by the new European Monetary System (EMS) would be able to play a more positive role in discussion of international monetary problems. While he was in no sense suggesting a down-grading of the role of the International Monetary Fund, a greater degree of understanding among summit participants about the management of their currencies would be beneficial.

THE EUROPEAN MONETARY SYSTEM

Mr. Jenkins said it was a matter for profound regret that the EMS had not been launched at the beginning of this year as originally planned. Nevertheless he believed that the political will existed for a solution to the problems besetting the system and that it would soon be found.

New efforts were required, he said, to reinforce and sustain the EMS and to make an impact on the Community's deep rooted economic problems. First, member states of the Community must act to improve coordination of their policies as they had promised at last year's heads of government meeting in Bremen. Second, improvements must be introduced to ensure

a better balance of economic activity inside the Community. The aim was to increase the flow of goods and services between member states by, for example, further reducing non-tariff barriers. Third, the Community needed to deal with the special problems of the less prosperous member states. The Commission was looking closely at the various ways in which it could help narrow the gap between the affluent and the less well-off member countries.

AGRICULTURAL POLICY

Turning to the common agricultural policy, Mr. Jenkins said the situation was worse than a year ago. "Milk production is accelerating, while consumption is static. Every third ton of sugar that we produce is exported with the aid of an all too substantial subsidy," he said. That was why the Commission was this year insisting "on the need for a rigorous price policy" for as long as the market imbalances lasted. "That means a general freeze in the common prices for the coming season," he said.

A YEAR OF CHANGE FOR THE COMMUNITY

The coming twelve months would be a more momentous year of change for the Community than it had seen for some time, Mr. Jenkins predicted. It should see the full establishment of EMS, the first direct elections to the European Parliament, the completion of the first stage of the Community's further enlargement (the signature of a membership treaty with Greece), and the successful conclusion of major international trade negotiations like the Geneva talks.