

EUROMEMO

Recent Developments in the European Community

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To Editors: More information is available about the following topics.

E.C. to Japan: Don't Discriminate. Japan's efforts to open its markets to the United States should not come at the expense of the European Community, Willy De Clercq, E.C. Commissioner for External Relations and Trade Policy, said in a recent speech to the Japan National Press Club. He said recent actions, including a \$1-billion emergency import program and assurances about access to the Kansai International Airport project, favor the United States over Europe, and "this is a dangerous attitude for the Japanese authorities to take." Japan is becoming increasingly dependent on the E.C. market--virtually the only market in which its two-way trade is growing, Mr. De Clercq noted. "We naturally expect that the benefits are shared and that, as Japan becomes less dependent on the United States, the E.C. receives comparable attention." E.C. exports to Japan are increasing, but the country has still not made the structural changes that would enable it to achieve a more balanced economic relationship with its trading partners, Mr. De Clercq said.

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Japanese Competition: The Challenge for E.C. Automakers. The picture is bright this year for the European car industry: demand is at a record high and profits are up following a period of restructuring. However, Europe is

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facing tough competition from the world's most efficient automakers--the Japanese. Karl-Heinz Narjes, E.C. Commission Vice-President, noted in a recent speech in Antwerp that E.C.-Japanese trade in this sector is unbalanced: Japan exports 17 vehicles for each one that it imports--and its exports are expected to increase by 7 percent in 1987. Furthermore, he said, Japan is developing a worldwide strategy of producing vehicles overseas in an effort to avoid import restraints. Some E.C. countries have such restrictions on Japanese cars, but these must be phased out in line with the Community's efforts to create a unified internal market by 1992, Mr. Narjes said. The key to a competitive European auto industry lies in those efforts, he said. The removal of remaining barriers to the free movement of goods, services, people and capital between E.C. countries will help the industry operate at a European--rather than national--level, achieving maximum economies of scale and specialization, he explained.

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A Call for Economic Growth. The European Community must strengthen its economic growth as a way to help alleviate the dangers facing the world economy. So concludes the E.C. Commission's 1987-88 Annual Economic Report, which was just approved by the E.C. Council of Ministers. The dangers are twofold: balance of payments problems between industrialized countries, including the large U.S. deficit; and debt problems of developing countries. The E.C.'s economy is expected to grow by just over 2 percent in 1988--about the same as in 1987 and lower than in 1986, according to the report. (However, the Commission's forecasts were prepared before the October stock market crash, and will be revised to take account of its impact.) The report calls for structural policies to improve the Community's productive potential--by loosening constraints on small and medium-sized businesses, for example, and making the labor market more adaptable. It also supports a greater role for national budgetary policy in stimulating economic growth. It notes that the completion of a unified E.C. internal market will create a more dynamic business environment by abolishing customs formalities, lifting tax barriers to trade in goods and services, and harmonizing technical standards.

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A Remodeled Joint Research Center. The E.C. Commission is proposing a major revitalization of the Joint Research Center (JRC), which conducts E.C.-sponsored scientific research. The proposed reforms are designed to help the JRC to deal more effectively with changing technology and to support the Community's efforts to create a unified internal market by 1992. The center would be given more autonomy, and its scientific institutes would increase from four to nine. The Commission wants the JRC to seek outside contracts with national organizations and industries, and to supplement its own research projects with technical and scientific support for other Commission departments. The center would also support "preparatory research" that explores new fields, and allow young scientists to use its facilities. The Commission proposes to bolster the JRC's expertise in information technologies, telecommunications and electronics, and to establish an Institute for Prospective Technology Studies that will conduct studies designed to improve Europe's industrial competitiveness. It also proposes that JRC research focus heavily on environmental protection and prevention of industrial accidents.

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