

EUROPEAN COMMUNITY NEWS

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COMMISSION OF THE EUROPEAN COMMUNITIES

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ONE AMERICAN COMPANY CLEARED, ANOTHER APPEALS

While an American can manufacturer prepares for an appeal before the European Court of Justice July 13, an American rubber goods manufacturer has been cleared of "trade restraint" charges by the European Commission. The Continental Can appeal against a Commission order to divest itself of a Dutch company which it had bought will be the first court test of Article 86 of the Common Market Treaty, which forbids abuse of a dominant position. The European Commission ruled June 23 that Davidson Rubber Company's exclusive patent franchise given to French, German and Italian firms does not constitute restraint of trade as defined by Common Market law.

TRANSNATIONAL BUSINESS TRENDS

International business operations continue to grow in the "Six". Recent Community statistics show 1,199 wholly-owned subsidiaries were established in Common Market countries in 1970, compared with 781 in 1966. Additionally, 345 subsidiaries owned by two or more companies, plus 327 acquisitions of holdings, were recorded.

Of non-member countries, the United States had the highest level of participation in such operations within the Community.###

THIRD COUNTRY CONTACTS OPEN WAY FOR IMPROVED RELATIONS

The European Community's external relations received special attention late last month with the Brussels visits of Australian Deputy Prime Minister J. D. Anthony and Algerian Foreign Minister Abdelaziz Bouteflika.

Mr. Anthony, meeting June 29 with European Commissioners Jean-Francois Deniau, Ralf Dahrendorf, and Carlo Scarascia-Mugnozza, discussed, among other topics, a commercial accord covering agricultural products to help offset problems caused to Australia (a Commonwealth country) by the Community's enlargement to Ten, including Britain. Mr. Dahrendorf had visited Australia in March.

Mr. Bouteflika's June 29-30 meeting with Commissioners Deniau and Dahrendorf set the stage for the upcoming negotiations between Algeria and the Community for a commercial accord and an economic and technical cooperation agreement.

DEMONETIZE GOLD, SAYS LONDON BANKER

A leading British gold dealer has expressed support for US demands that gold be demonetized. Allen Jeffery, a director of N. M. Rothschild & Sons, says Special Drawing Rights (SDRs) should "completely" replace gold as a reserve asset "here and now" -- with SDR value being based on the median balance of payments position of ten to twenty leading countries.

In an interview with the New York *Journal of Commerce*, Jeffery said world gold supplies had peaked. Falling production would inflate prices and reserve values, thus creating monetary inflation. He agreed with the US Treasury view that monetary gold was an anachronism and that gold should be treated as just another metal commodity.

France and the Soviet Union, which hold large gold reserves, oppose gold demonetization; but Jeffery said he did not think Moscow would have to enter the gold market for foreign exchange purposes, as it did in the Sixties. Instead, the Soviet Union is expected to borrow Eurodollars in Western Europe. The US no longer exchanges dollars for gold.

Gold was revalued from \$35 to \$38.50 an ounce last December. The free price reached \$66.75 in June but it later fell below \$60.

THE HESITANT NORDICS: I

Enabling legislation for British entry into the Common Market continues to squeak through the House of Commons. On June 22, the Commons voted 272-to-267 to approve legislation providing for Britain's participation in the Community's common agricultural policy.

THE HESITANT NORDICS: II

Danes and Norwegians have mixed opinions about the prospect of Common Market entry. According to recent polls, 48 per cent of the Danish respondents were in favor of Denmark joining the Community -- providing that Britain joins also. Only 28 per cent were opposed. In Norway, however, 40 per cent of the respondents were opposed to Norwegian entry into the Community, while 33 per cent approved. Norway will hold a referendum on entry September 24-25. Denmark's referendum is set for October 2.

IRELAND WELCOMES JAPANESE INDUSTRIAL INVADERS

Japan's two giant auto makers -- Toyota and Nissan-Datsun -- will establish their bridgehead in the Common Market with assembly plants in Ireland. Toyota plans to start production in Dublin before the end of the year, and Nissan-Datsun is expected soon to announce plans for a manufacturing link with a local firm in the Irish capital. The Japanese auto makers were attracted to Ireland by the Irish Industrial Development Authority, which has recently been criticized by some Common Market member countries for its liberal incentives to new industry.

EUROPEAN PARLIAMENT CALLS FOR MORE US-EC EXCHANGES

A Fulbright Program in reverse and an institutionalized yearly exchange of European and American legislators were unanimously approved July 3 by the European Parliament. The two proposals were made by Wilhelm J. Schuijt, a Vice President of the European Parliament and head of a recent European Parliament delegation to the United States. The Dutch Christian Democrat said that the Community's financial assistance to scholars, researchers, and journalists would symbolize a "burdensharing" equivalent of the Fulbright-Hayes Student Aid Program. Exchanges between US Congressmen and European Parliamentarians began this year with a Brussels visit by members of the House Ways and Means and Foreign Affairs Committees and a reciprocal visit to Washington by twelve European Parliament members.

COMMUNITY TO STOP MAIL ORDER FRAUD

In the European Community, like everywhere else, the mail order business is booming. Mail order sales in 1970, for example, accounted for up to 5 per cent of member countries' markets. The Commission is therefore preparing a draft directive for consumer protection on the Community level in the field of mail order sales.

"CHICKEN WAR" TRUCE

The US Court of Customs and Patents Appeals has upheld the 1964 "chicken war" tariff reprisals. In ruling against American importers who sought customs duty refunds, the appellate court said that the "most favored nation" trade principle would not have allowed the President to raise duties simply against Common Market countries. The US-Common Market dispute centered around Community import duties on frozen chicken; in retaliation, the United States raised duties on brandy and trucks.

UNEMPLOYMENT ON THE UPSWING

Unemployment has increased in the Community during the last year, and analysts predict little improvement in coming months. Between April 1971 and April 1972, the number of unemployed in Germany rose by 70,800, or 44 per cent; in the Netherlands, 53,300, or 113 per cent, and in Belgium, 16,500, or 24 per cent.

A FEW COUNTRIES HANG ON...

Many Europeans were surprised by the US Supreme Court's capital punishment decision -- surprised that America still executes criminals. All six Common Market countries, except France, and the four candidate member countries no longer have capital punishment. The only other Western European nation that retains the death penalty is Spain. Luxembourg did away with the death penalty in 1821.

DUTCH ENERGY POLICY REVERSED

Natural gas -- once considered the ecologists' answer to the energy crisis -- is being turned off in Holland, one of the world's largest users of the non-pollutant energy source. The Dutch Ministry of Economics plans to deny new electric power stations and most new industries use of natural gas, issue gas supply contracts only on a one-year basis, and stop further export of gas. In the past, the Dutch Government encouraged the use of gas -- 22 per cent of the Netherlands' total energy consumption is supplied by gas, and 52 billion cubic meters are exported annually. Now, however, demand has exceeded supply and prospection of the North Sea Continental Shelf has been disappointing.

AFRICAN COUNTRIES PROTEST TO EUROPE

One candidate and two member Community countries have been condemned by the Organization of African Unity for supplying arms to South Africa. The Council of Ministers of the 41-nation organization, meeting last month in Rabat, Morocco, cited Britain, France and Germany for violating a United Nations resolution banning the sale of arms to the Pretoria Government and called upon the Community not to conclude any agreement with Portugal as long as its domination over African colonies persists.

WORTH QUOTING

** The present emphasis among Europeans on financial and monetary unity must be seen in context....The subtle political judgment of the negotiators of the [Communities] treaties was that if the customs union/economic union happened to succeed (far from certain at the time), then this would create a kind of irresistible force for further steps, including what is now under negotiation. In point of fact, today the finance ministers and the central bankers have been converted to the faith! -- AMBASSADOR J. ROBERT SCHAEZEL, US Representative to the European Communities.*

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