

EUROPEAN COMMUNITY NEWS

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COMMISSION OF THE EUROPEAN COMMUNITIES

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EC + EFTA = 16-NATION EUROPEAN FREE TRADE AREA

The ceremonial signing July 22 of trade agreements between the European Community and the six non-candidate European Free Trade Association (EFTA) members culminated several months of intensive negotiations. It marks the beginning of a 16-nation European free trade area.

To protect their overseas markets, Austria, Finland, Iceland, Portugal, Sweden, and Switzerland sought the agreements after Britain, Denmark, Ireland, and Norway became candidates for Community membership. The last stumbling block to the agreements -- each about 500 pages long requiring almost 400 signatures -- was overcome when the Community reduced from twelve to eleven years the transition period for reducing import duties on paper and pulp to zero.

CARIFTA TO APPROACH EC

Twelve Caribbean countries have agreed at a ministerial council meeting to seek an association agreement with the enlarged European Community. The countries, all members of the Caribbean Free Trade Association (Carifta), are: Barbados, Guyana, Jamaica, Trinidad and Tobago, Antigua, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia, St. Vincent, British Honduras, and Montserrat. The decision now goes for ratification to the twelve legislatures.

EC-INDIA NEGOTIATIONS

The EC Commission has recommended that an Economic Cooperation Pact be negotiated with India, superseding that country's trade accords with Italy, France, and Germany, confirming tariff concessions tentatively made by the Common Market and setting up a permanent EC-India committee.

Twenty developing Commonwealth countries will be entitled to "associate" status with the EC next year, when Britain joins, but India and Pakistan are not in this group, because of their size. With 557,000,000 people, India has over twice the population of the expanded ten-nation Community.

THE OCTOBER SUMMIT IS ALIVE AND, WELL...

The European Parliament (EP) has opposed any delays in the on-again, off-again October European "Summit", and has put forward agenda priorities for the ten-nation meeting.

First priority goes to the economic and monetary union program -- the eight-year transition toward a single currency for all member states in the European Community.

The Parliament called for "Summit" discussion on the gradual introduction of full, joint budgetary powers for the EP and the Council of the Community and a parliamentary "second reading" on legislation -- virtual delaying powers.

Community spokesmen said this week that the summit would probably take place, with the future of Community institutions being treated for the time being with "benign neglect".

EC SEEKS WORLD MONETARY REFORM

Finance Ministers of the six member and four candidate Community countries, meeting in London July 17-18, proposed an eight-point reform plan for the international monetary system, based on:

- * fixed but adjustable parities
- * general convertibility
- * effective regulation of world money "liquidity"
- * adjustments in balances of payments
- * neutralization of the effects of short-term capital movements
- * equal rights and obligations for all participating countries
- * consideration of the developing countries' interests
- * compatibility with the goal of Western European economic and monetary union

Chancellor of the Exchequer Anthony Barber, the host, told newsmen he could not elaborate on any of these points. Observers speculated that "paper gold" -- Special Drawing Rights (SDR's) on the International Monetary Fund -- would play a key role in the balance-of-payments adjustment process.

EC WILLING TO SHARE US BURDENS

"With such a great burden of responsibilities, the United States is in danger of becoming more and more inward-looking," European Commission President Sicco L. Mansholt told a British business group in Brussels on July 11. "We must take our share of the burden which the United States has taken up to now" in aiding developing countries, Mr. Mansholt urged.

In the same vein, the European Parliament on July 4 urged Community member states to increase development aid and called for negotiating international commodity agreements, even if other industrialized nations do not participate in the negotiations.

AMBASSADOR KENNEDY COMMENTS ON NEW JOB

Newly appointed NATO Ambassador David Kennedy, in a recent interview, observed: "I am here [in Brussels] to complete the lines of communications already existing between Western Europe and the United States. I am here as a super-ambassador, and I am not here to eliminate or supplant someone else." When naming the former Treasury Secretary and roving economic ambassador to the NATO post, President Nixon said Mr. Kennedy would also retain his status as ambassador-at-large with "major responsibilities for the U.S. international economic policies, especially as they apply to Europe."

US-EC TALKS RESUME

The next in the series of semiannual talks between the United States and the European Community will be held in Washington September 28-29. The upcoming international trade negotiation in the General Agreement on Tariffs and Trade (GATT) is expected to be the main focus of discussion. Ralf Dahrendorf, Commissioner responsible for the Community's external relations, will head the European delegation to Washington. Last spring former Deputy Undersecretary of State Nathaniel Samuels headed the US team during the Brussels talks.

CONTINENTAL CAN APPEAL DELAYED

Continental Can's appeal against a European Commission antitrust ruling will have to wait until September. The European Court of Justice has delayed hearing the case until then. In the meantime, the Commission's Director General for Competition Willy Schlieder said July 12 that the American company had offered to divest itself of a considerable part of the holdings involved in the antitrust action. The Commission had originally ruled that Continental Can, through its affiliate Europemballage, had "abused its dominant position" in certain markets by buying up a Dutch competitor.

COURT OF JUSTICE UPHOLDS ANTITRUST ACTION

In a landmark decision, the European Court of Justice July 14 upheld fines against 10 major European chemical companies for price fixing. The fines, the equivalent of \$44,000 to \$55,000 each, had been levied in 1969 by the European Commission against the chemical giants for fixing the price of aniline dye. The unanimous decision by the seven-judge court established at least two precedents in Common Market law: companies located outside the Community but with subsidiaries within the Community can be held liable for violating Community rules of competition; and a tacit agreement among companies to thwart competition is just as culpable as an overt agreement.

OUT OF THE RED, INTO THE WIDE BLUE YONDER

Western Europe's highly efficient but rarely profitable aeronautical industry is to be rationalized, if EC Commission recommendations to the Council of the Community are accepted. Altiero Spinelli, EC Commissioner for industrial affairs, told a Brussels news conference on July 13 that the Commission has proposed that only one aero engine and only two airframe enterprises be preserved in the ten-nation Community which will come into existence next year. These would be multinational and involve governmental investment.

The Commission urged that subsidies for transnational projects, credit and exchange guarantees, and guarantees against rising production costs for export orders should be fixed at the Community level.

EC GRANTS TO FAR FLUNG PLACES

Geographic proximity or economic prominence are no criteria for European Community aid, as evidenced by a July 7 decision of the Commission. At the recommendation of the European Development Fund, the Commission granted more than \$15 million of non-reimbursable aid for the following projects:

- * a road on the Leeward Coast of Guadeloupe (French West Indies)
- * water supply for Moroni in the Comoros (French Indian Ocean colony)
- * highway construction materials for Wallis and Futuna (French Pacific island colonies)
- * airport road from Papeete, Tahiti (French Polynesia)
- * expansion of the port of Djibouti in Afar-Issa Territory (French African colony)
- * a survey of the Wagadugu-Kudugu highway in Upper Volta
- * development of the tea industry in Rwanda
- * improving the Murumyya-Gitega road in Burundi

COMMISSION ACTS AS CONSUMER ADVOCATE

Europe doesn't have a Ralph Nader but it does have the EC Commission. A specialized service within the Commission represents and promotes consumer interest in the Community's decision-making process and aids consumer information programs. The Commission has requested a budget of \$200,000 to strengthen and enlarge the service. The Commission also proposed regular consultations with consumer, labor, and home economics organizations.

MANSHOLT RECEIVES REAGAN

President Nixon's Moscow trip would have been impossible without the support and unity of Western Europe. This message was conveyed to Commission President Sicco L. Mansholt by Governor Ronald Reagan of California, who visited Europe this month as a special emissary of President Nixon.

U. S. 'BALANCE OF TOURISTS' DEFICIT WIDENS

Thirteen per cent more Europeans visited the United States last year than in 1970, but the 1.1 million European tourists were still far less than the 3 million Americans visiting Western Europe. Altogether, 5.7 million Americans traveled overseas last year, and nearly 2.5 million foreign travelers visited the United States. According to US Commerce Department figures, foreign visitors spent \$2.9 billion in the United States, while Americans spent \$5.6 billion abroad -- a deficit of \$2.7 billion, compared with \$180 million in 1970. Americans spent nearly \$1.4 billion in Western Europe; European tourists spent \$567 million in the United States. As in the past, the United Kingdom remained the most popular foreign destination for US tourists.

THE VANISHING BIFTEK

The American farmer is not alone in the current beef cycle of high demand and low supply. According to the US Department of Agriculture, nowhere is the world shortage of calves and feeder cattle more apparent than in the European Community. In some countries, the retail price of steak is now higher than in the United States. The reasons are many: the virtual absence of specialized beef breeds, the declining number of cows, the traditional high consumer demand for veal, and the higher feed-cost for cattle (as opposed to calves). To offset this growing shortage, the European Commission has recommended a system of premiums to farmers who increase their herds and measures to encourage the import of cattle and calves for fattening.

6 + 4 = MINUS 200

A civil service talent hunt has been launched to recruit personnel for the Community, due for enlargement to ten nations next year. Many current Community staffers will be retired or offered high severance compensation -- "the Golden Handshake". Daniel Cardon De Lichtbuer, the Commission official coordinating the recruitment drive, said the displacement of about 200 high-level staff members was necessary in order to integrate the four new member states into the decision-making process as soon as possible at the highest level. Merely to add another level of executives would be "unsound management".

LABOR'S ANSWER TO THE MULTINATIONALS

Business is multinational, so why not labor? A Geneva meeting has drawn up a draft constitution for a trade union organization grouping all ten EC States. However, the first so-called "Euro strike", organized by an Anglo-Italian coordinating committee to protest layoffs following the Dunlop-Pirelli cooperative venture, was either ignored or opposed by British unions.

COMMISSION RECORDS BUSINESS UPSWING

Business is looking up in the Community, if the Commission's first four-monthly business survey for 1972 is any indication. From January through April, the proportion of business managements which considered their total order books to be "below normal" fell from 38 per cent to 29 per cent. As for the future, 93 per cent of the business managements surveyed expected production to remain constant or to accelerate in the months ahead.

EC'S GENERALIZED PREFERENCES EXTENDED

The European Community has extended its generalized tariff preference plan for developing countries to include: Cuba, Bhutan, Fiji, Bangladesh, the Persian Gulf States, Oman, Sikkim, Nauru, Western Samoa, and Tonga. The inclusion of these countries, approved by the Council of Ministers late last month, will take effect January 1, 1973.

COMMUNITY AND YUGOSLAVIA TALK TEXTILES

The European Community and Yugoslavia will soon begin talks on a trade agreement for cotton textiles. The EC Council of Ministers, at its last meeting, authorized the Commission to open negotiations.

POLITICIAN TAKES COMMISSION TO THE PEOPLE

Perhaps less exciting than the Presidential campaign just now heating up in this country, but nonetheless an attention-getter: a Belgian politician has become the first public candidate for a seat on the European Commission. Although Commission members are appointed by their respective national governments, Ernest Glinne's campaign for the post has aroused considerable interest as a forerunner to future "European" campaigns if the European Parliament becomes a popularly elected body. Mr. Glinne is a Socialist legislator and former mayor of Courcelles. The current Belgian member of the Commission is Albert Coppe.

EUROPEAN TO A DEGREE

Most European students pass national exams to qualify for national degrees, but since 1959, children of EC officials have had a "European option". This year, the six "European Schools", established to serve a multinational student body, will award 193 European baccalaureate diplomas, equivalent to a US high school degree. Twenty-seven candidates failed.

Diplomas from the "European Schools" are recognized by universities in the Community Six, Austria, the United Kingdom, Switzerland, as well as many institutions of higher learning in the United States. The European Schools are located in Brussels, Bergen, and Mol, Belgium; Karlsruhe, Germany; Varese, Italy; and Luxembourg.

FORMALITIES CUT AT SWISS, AUSTRIAN FRONTIERS

Customs formalities affecting goods in transit between the Six and Austria and Switzerland will be simplified following agreements signed in Brussels this month.

Effective 1973, the agreements allow vehicles carrying Community goods destined for other Community countries or for Switzerland or Austria to cross Swiss and Austrian borders under the same conditions currently prevailing at intra-Community borders. Community goods may also be stored in Swiss facilities under the new agreement.

COMMUNITY CONTINUES FOOD AID PROGRAM

The European Commission has proposed a \$35 million food aid program for the developing countries. The 15,000 metric tons of butter oil would be distributed among the World Food Program (10,000 tons), the United Nations Relief and Works Agency for Palestine Refugees (2,000 tons), Egypt (1,000 tons), Lebanon (750 tons), Jordan (750 tons), Burundi (250 tons), and Rwanda (250 tons). The Community has already distributed, through various international organizations, 123,000 tons of skim milk powder, 35,000 tons of butter oil, 500 tons of egg products, and an annual 1,035,000 tons of cereals. It is also supplying 4,000 tons of sugar.

SPINELLI: EC BUDGETS SHOULD BE MORE "INDUSTRIAL", LESS "AGRICULTURAL"

The European Community's budget, now devoted primarily to agriculture, will in the future give greater emphasis to industrial and regional development. This prediction was made July 11 by European Commissioner for industrial policy Altiero Spinelli, who mentioned possible proposals concerning aircraft production, telecommunications, and computers. The \$20 million requested by the Commission in next year's budget, Mr. Spinelli said, should not be used to develop prestige or showcase industries but rather "to help new technologies, sometimes of a quite mundane kind, through the difficult phase of early development before they become commercially viable."

EC LOANS TWO AFRICAN NATIONS \$3 MILLION

The Congo and Gabon will receive low interest loans totaling more than \$3 million from the European Community. The \$2.2 million loan to the People's Republic of Congo will partly finance development of the port of Brazzaville and the purchase of a deep sea tug for Pointe Noire. The \$820,796 loan to the Republic of Gabon will help finance Hertzian beam telephone and telegraph circuits between Mouila and the mining regions of Moanda and Franceville. The loans from the third European Development Fund were contracted July 11 by the European Commission and the European Investment Bank with the Congo's Agence Transcongolaise des Communications and Gabon's Postal and Telecommunications Service.

BRITISH EC MEMBERSHIP: LAST COMMONS VOTE

The next to last legislative hurdle to Common Market entry was cleared July 14 by a 301-to-284 vote in the British House of Commons. The enabling legislation now goes for approval to the House of Lords, where the Government has a large majority. Any "Lords" amendments, however, would force a further "reading" -- and debate -- in Commons.

TALKS WITH BRAZIL, MALTA, CYPRUS

Fresh negotiations are due to open shortly for a three-year commercial accord between the Community and Brazil, and for a revised agreement with Malta. Talks with Cyprus are in progress.

WORTH QUOTING

** One cannot repeat often enough that monetary speculators make profits only because anti-speculation agreements collapse: speculators are far from irrational. Why shouldn't they make a profit if they have a good chance of obtaining it? Why should they believe in the solidarity of an agreement if they know that with the first shock the agreement will be questioned and that the participants in the agreement don't even believe in its durability? -- RAYMOND BARRE, Vice President of the European Commission, speaking to the European Parliament July 4 on the current international monetary situation.*

The value of many reports is often inversely proportional to their length. -- HEINRICH AIGNER, German member of the European parliament.

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