

# EUROPEAN COMMUNITY NEWS

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**COMMISSION OF THE EUROPEAN COMMUNITIES**

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SOAMES TO VISIT WASHINGTON

Christopher Soames, a Vice President of the Commission of the European Communities, visits Washington for a round of informal talks with US officials on February 15-16.

It will be Soames' first trip to the United States as the Commission member responsible for the EC's external trade relations -- including relations with the United States. Prior to his appointment to the Commission, Mr. Soames served as British Ambassador to France, where he was also concerned with the negotiations for British entry into the Communities. Earlier, Soames served as British Minister of Agriculture. He began his political career in 1950 when he was elected to the British Parliament.

ORTOLI ADDRESSES PARLIAMENT

In presenting the new EC Commission to the European Parliament in Strasbourg on January 16, Commission President Francois-Xavier Ortoli made these extemporaneous remarks:

"I must tell you that the Commission is very ambitious for Europe. I must tell you that when the Commission meets it feels in a directly physical manner the responsibility weighing upon it. I must tell you that the Commission measures this responsibility at its true value, because it concerns a Europe not only of exceptional dimensions but of exceptional weight and responsibility and because what is at stake is the future of our continent.

"I must tell you finally that we put all our passion into this Europe; we know what our responsibility is and we wish to exercise it to the full. We know that Europe's responsibility is not only to set up efficient economic machinery for 250 million inhabitants, and we understand that our social responsibility towards our peoples is fundamental. But we also know that, with regard to the outside world, our responsibility, when peace and justice are at issue, is an immense one. This is why our continent can present itself as a great accomplishment which, let me repeat, is not only an economic whole but which transcends the economic aspect.

"This being so . . . I do not doubt that this inspiration is common to us all. Nothing is achieved merely with programs, even though these have to be observed, but things are achieved because one believes in them and is borne along by an inspiration greater than oneself.

"I think that this is the case with the Commission. The political will of the states is expressed very clearly in the decisions of the Summit.

"Finally, I know what this Parliament is, who are the people composing it, and why they want Europe. We will endeavor to build that Europe together."

HAFERKAMP REPORTS ON THE EC'S ECONOMIC OUTLOOK

Reporting to the European Parliament on the EC's economic situation, Commission Vice President Wilhelm Haferkamp took a look at expected developments during the coming year. Excerpts from the January 16 speech in Strasbourg by the Commission member responsible for economic and financial affairs follow:

"In the enlarged Community, economic growth can be expected to accelerate. The rise in the real gross Community product will probably be somewhere between 4.5 per cent and 5.5 per cent. In almost all member countries the advance in production should be within this range. The speed-up of expansion will be sharpest in Germany, but the pace will accelerate appreciably in the other member countries also, with the exception of France, where growth is, however, likely to stabilize at the high level reached in 1972.

"Given this outlook for growth, the employment situation can be expected to improve. But as most member countries are still in a relatively early phase of the economic upswing, in which experience shows that productivity gains tend to be comparatively large, unemployment will initially fall only slightly and be higher in almost all member countries than the figures forecast for the medium term. Especially in Italy, the United Kingdom, Ireland, and the Netherlands, the unemployment rate will still be running at a level that must be considered much too high. Furthermore, the phase of comparatively weak economic growth has brought out the structural nature of our employment problems more clearly. If satisfactory full employment is to be achieved in the Community, greater efforts must be made at both national and Community level to improve skills and reduce the regional disparities in the distribution of manpower and plant capacities.

"It must, however, be realized that the structural difficulties facing certain sectors are being aggravated by the sharp upward movement of prices and costs. There is a very serious danger that in 1973 again the Community will not manage to get back on the road to stability, especially since a number of factors are working in the opposite direction. One of them is the acceleration in the upward movement of producer and consumer prices in recent months. Another one is that, in contrast to the situation in earlier phases of upswing, there seems to be little hope in 1973 of increased productivity contributing to any slowdown in the rise in unit costs, which will probably continue to be comparatively large in 1973. In addition, there is reason to fear that, under the influence of the economic expansion that will be shared by practically all industrialized countries, world market prices will harden appreciably. Furthermore, the easing of import prices which the exchange rate realignment agreed in Washington in December 1971 brought for most member countries will no longer be felt in 1973. Nor can the possibility be excluded that, in view of the improvement in the business climate, enterprises may make additional price increases, which could lead to new wage demands."

COMMISSION STEPS UP ANTITRUST ACTION

A precedent-setting, anti-monopoly case against the Continental Can Corporation is expected to be decided by the European Court of Justice this month. The American company was charged with abusing its dominant market position, as defined by the Common Market Treaty's Article 86. It marks the first time the EC Commission has used the Treaty to control mergers.

"We have to prevent future monopolies from being born," said the Commission Director General for Competition Willy Schlieder, as quoted by Clyde H. Farnsworth in the January 29 New York Times. Farnsworth wrote that the Community's antitrust chief "wields a pretty big stick these days as he goes to bat for 250 million consumers in what he freely concedes is an American-influenced campaign against the trusts. Indebted more perhaps to Robert Kennedy than to Theodore Roosevelt, the 46-year-old German lawyer has gotten some relatively stiff judgments against violators of the antitrust provisions of the Treaty of Rome, and has branched out into what for Europe is a new field, anti-merger enforcement. With the brashness of Robert Kennedy, whom he admired, Mr. Schlieder has moved against American multinationals as well as European-owned enterprises, and in the process has given his department more real supranational power than any other in the administrative headquarters of the nine-nation Community."

A possible setback for Schlieder's merger-control campaign occurred late last year, however, when a Court of Justice Advocate General said, in effect, that the Commission did not have a case against Continental Can. In the opinion of Advocate General Karl Roemer, Article 86, interpreted narrowly, does not restrict the formation of mergers but applies only if the resulting dominant position is abused. Roemer's opinion, however, is not binding on the Court.

In other recent cases, Schlieder has had nothing but success:

- The Commission announced on December 18 that it has fined 16 sugar producers for violating the Community's competition laws defined in Articles 85 and 86. The Commission ruled that these firms agreed to control the trade of sugar between Community nations to protect their respective national markets. The largest fine (\$1.63 million) will be levied on Raffinerie Tirlemontoise, a Belgian sugar refinery.
- Pittsburgh Corning Europe, a joint subsidiary of Pittsburgh Plate Glass and Corning Glassworks, was fined \$108,751 for establishing a rebate system which allowed the company to sell cellular glass insulating material in Germany at prices 40 per cent above those in Belgium and the Netherlands. The fine was announced on November 29.

- An agreement between the Belgian association of central heating equipment manufacturers and the association of central heating installers was prohibited. The installers association had agreed to purchase equipment made only by the association of equipment manufacturers, an arrangement limiting trade in central heating equipment between Belgium and other Community countries. The Commission's decision was made public on October 27.
- A request by the Belgian cement industry association, CIMBEL, to set prices, marketing conditions, and sales quotas was denied. It was announced January 3.
- Cement producers in Belgium, Germany, and the Netherlands were denied permission to divide the Dutch cement market and sell only within specific areas. The Commission rejected the cement producers' argument that market division was necessary to ensure satisfaction of the Dutch demand for cement, it was announced on December 22.
- WEA-Filipacchi Music of Paris was fined \$65,100 on December 22 for preventing French distributors from exporting its records to Germany. The company's records were priced more than 50 per cent higher in Germany than in France.
- The Commercial Solvents Corporation of New York and its Italian subsidiary Istituto Chemioterapico Italiano (ITI) were fined \$217,142 for taking unfair advantage of their monopoly of a raw material used to produce a common anti-tuberculosis drug, it was announced December 22. The Commission said that ICI suspended sales of the raw material to one of its most important clients, Giorgio Zoja, without a valid commercial motive. The Commission asked ICI to resume selling to Zoja and threatened to impose a \$1,005 penalty for each day of non-compliance.
- Announced on January 5, the Dutch association of bathroom fixture wholesalers was forbidden to continue fixing prices according to product destination.

#### FACTS

The enlarged Community of "Nine" has a gross national product (GNP) of \$692.8 billion, based on 1971 figures, compared to the US GNP of \$1,068.8 billion. The Nine account for 19.7 per cent and 18.1 per cent of world imports and exports, respectively. When intra-Community trade is taken into account, these percentages rise to 39.2 per cent and 40.7 per cent, respectively. The United States accounts for 13.9 per cent and 14.1 per cent, respectively, of world imports and exports.

A NEW EIB FOR THE NEW EC OF "NINE"

With the Community's enlargement from six to nine countries, the European Investment Bank (EIB) takes on a new face. The capital contributions from Britain, Denmark, and Ireland will bring the Bank's total funds this year to approximately \$651.4 million. The Bank's governing board will now number 18 directors: three each from France, Germany, Italy, and the United Kingdom; one each from Belgium, Denmark, Ireland, and Luxembourg, and one nominated by the EC Commission. The first meeting of the enlarged Community's EIB Board of Governors was held in Luxembourg on January 15, 1973. The past year's activities were reviewed:

Long-term loans and guarantee contracts signed in 1972 amounted to \$572 million, bringing the EIB's total operations since its inception to \$3.09 billion. Of the six member states, Italy received the most assistance -- 41 per cent of the EIB's total financing. Italy was followed by France, Germany, and Belgium, in that order. States associated with the Community under the Yaounde Convention received \$13.9 million from the EIB and \$8.7 million from the European Development Fund.

Under the Community Treaty, promoting regional development is one of the Bank's principal tasks. The EIB financed up to \$436.5 million in investments toward this end in 1972. Another Treaty objective for the EIB is industrial modernization and conversion, for which \$37.5 million was allocated in 1972. The Treaty also calls for financing of projects of common interest which the individual member states cannot finance by themselves; the EIB's contribution to the financing of such "European" projects amounted to \$237.8 million last year.

BUCKLEY STRESSES NONTARIFF BARRIERS

"The European Community and the United States share common goals and interests, and there exists in Europe the political will to achieve constructive, long-term agreements with the United States." Senator James L. Buckley thus evaluated the US-EC political climate after talks with EC officials in Brussels on January 26.

The Conservative-Republican from New York also said that he was "equally persuaded that if we are to be assured the maximum chances for success in these critical associations, a serious effort will be required on both sides of the Atlantic to place existing obstacles in a proper and constructive perspective." As a step toward defining these obstacles, Buckley said that he would ask the US Administration to identify and, if possible, quantify the most significant nontariff trade barriers to both the United States and Europe. Existing European nontariff barriers were important, he said, "to the attitudes of members of the US Congress, many of whom are inadequately aware of the extent of American nontariff barriers or of their importance in the eyes of Europeans."

## P R E S S   V I E W S

### AN ATLANTIC COMMISSION

....Helmut Schmidt, Bonn's Finance Minister, envisions an American-European "royal commission" of experienced, knowledgeable citizens who would meet periodically "to analyze the prospective priorities of our common policies."....Like other officials on both sides of the Atlantic, Mr. Schmidt is deeply worried that the United States and the countries of the enlarged Community might drift into a trade war that would not only wreck the NATO partnership but be disastrous for much of the world. Along with his own Chancellor Brandt and President Pompidou of France, he hopes for an Atlantic summit meeting after the French elections in March to hammer out "a thoroughgoing joint analysis and decision. Together, Europe and America will have to seek a new approach if political practice is to reflect the interdependence of our political, defense, economic, and monetary efforts," Mr. Schmidt told an audience in Columbia, South Carolina. A commission of the kind and caliber he suggests could help keep attention focused on that Atlantic interdependence at a critical time. -- Editorial, *The New York Times*, January 23, 1973.

### THE YEAR OF FARM POLICIES?

....Just about everyone would feel better, we are sure, if the most productive farming nation in the world devoted itself to production and to the cultivation of overseas markets rather than to the kind of restrictionism that has characterized its last four decades. Will the EEC nations feel any urge to follow suit if they see the US moving firmly toward freer farm policies this year? We would hope so. After all, a good deal of what Europe has learned about ways and means of protecting home agriculture it learned from Washington. -- Editorial, *The Journal of Commerce*, January 19, 1973.

### HEATH VISIT SETS STAGE

....the British role as a major component of the Common Market brightens the prospects for long-term amity between America and the major part of Western Europe. Crucial negotiations are to be held on trade and monetary issues, with huge economic stakes for all concerned. The results will tell much about whether the major economies of the world will cooperate in the interest of mutual prosperity or divide into hostile, protectionist blocs. The Nixon-Heath meeting could help set the stage for fruitful negotiations. -- Editorial, *The Washington Star-News*, January 30, 1973.

"POWER TO THE PARLIAMENT"

Strasbourg, France -- "Power to the Parliament," British MP Peter Kirk demanded as the European Parliament opened its first session here since Britain and two other states joined the European Economic Community, bringing its total membership to nine. The phrase is likely to become the rallying cry of legislators determined to wrest a more significant role for their Parliament in the affairs of the EEC. Many had been impatiently awaiting the arrival of their British colleagues to give new life to the least active of the EEC's institutions. The legislators, all members of their national parliaments and representing parties as diverse as the Italian Communists and the French Gaullists, listened intently as Mr. Kirk described the health of the European Parliament as "essential to the health of the Community as a whole. The Community cannot function unless it has a base in the hearts and minds of the peoples, and Parliament is the only body which can provide that base." The ultimate goal, all the legislators are aware, must be direct election of the Parliament instead of appointment by the national parliaments of the member states, as at present. But Mr. Kirk urged that however restricted the present powers of the Parliament, members should use them to the full. "Let us take as our motto 'silence gives consent' -- that we are entitled to do anything which is not expressly prohibited," Mr. Kirk said. "And let us do it in every field that we can find it ....Initiatives are not there to be given, they are there to be seized. We can and must seize them." -- Takashi Oka, *The Christian Science Monitor*, January 18, 1973.

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