

EUROPEAN COMMUNITY NEWS

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COMMISSION OF THE EUROPEAN COMMUNITIES

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EC VICE PRESIDENT SIMONET TALKS ENERGY WITH US OFFICIALS AND BUSINESSMEN

Commission Vice President Henri Simonet on June 5 concluded a five-day round of talks with US energy experts. In Washington Mr. Simonet met with officials on Capitol Hill and at the White House, the Treasury and State Departments, and the Atomic Energy Commission. On June 4 prior to meetings in New York with oil company executives, the EC Commissioner held a press conference at which he reviewed his talks in Washington and declared that the objective of his visit had been to explore what degree of cooperation could be established between energy-consuming countries -- in particular the United States, the Community, and Japan. He said that the Commission was interested in learning how receptive US officials were to various proposals and ideas for cooperation. Mr. Simonet emphasized that most officials with whom he talked in Washington were highly anxious to achieve some form of cooperation agreement among the consuming countries, although he felt they were still at the preparatory stage of seeking practical formulas and had no detailed or definite proposals to offer at this time for EC consideration. He said that some American officials expressed skepticism concerning the EC's ability to establish a common energy policy.

In discussing arrangements for cooperation among consumer countries, he stressed that rules had to be established between each of the major consuming countries and their own national oil companies. In conclusion, he underlined that it would be difficult for the EC to enter into a cooperation agreement with the United States and Japan unless it had made progress in organizing the Community's internal energy market.

EC AGREEMENTS WITH YUGOSLAVIA AND TURKEY

The European Community and Yugoslavia have negotiated a new non-preferential commercial accord, it was announced June 1 in Brussels. Also announced the same day were new terms for Turkey's association with the Community.

The new EC-Yugoslavia agreement, which is for five years, with subsequent "tacit" one-year renewals, provides for "considerably" more economic and commercial cooperation than the previous agreement. Negotiations for the new accord were concluded May 24-25. It is now subject to the two parties' respective ratification procedures.

The negotiations between the Community and Turkey, already an EC Associate, covered transitional terms of the association agreement necessitated by the EC's enlargement. (On January 1, Denmark, Ireland, and the United Kingdom became full EC members.) The negotiations were concluded May 29 through an exchange of letters. The protocols are now subject to ratification.

FROM WORDS TO ACTION

The EC member governments "attach as much importance to vigorous action in the social field as to the achievement of economic and monetary union." This declaration, issued by the "Nine" at the conclusion of last year's Paris "Summit," went on to emphasize "the increasing involvement of labor and management in the economic and social decisions of the Community." In keeping with the Summit, the Community will sponsor a "social" conference June 28-29 in Luxembourg. Participants will include representatives from labor unions, management associations, and the nine national governments.

DAHRENDORF VISITS UNITED STATES

EC Commissioner Ralf Dahrendorf was in the United States this week for a series of appearances and talks in New York and Washington, his first such visit since becoming responsible for the Community's science, education, and research activities. Formerly, as Commission member responsible for the EC's external relations, Dahrendorf made frequent trips to the United States. Included on this trip's agenda was a June 7 appearance before the Rotary Club in New York City. Excerpts from his prepared remarks follow:

"Important changes mark the conditions under which the United States and Europe develop their relations: in a period of détente, questions of defense are by no means insignificant, but the relative importance of international economic relations increases. While in defense terms, the United States is a 'surplus country,' it is, or appears to be, a 'deficit country' in economic terms.

"There are common interests in the supply of energy and other natural resources, and there is a common responsibility for the developing world. The connections between the various aspects of international relations -- defense, convertibility, trade, development, diplomacy -- require a comprehensive approach toward an effective sharing of burdens. This is the subject of the forthcoming worldwide negotiations which have to be approached in a spirit of reciprocity.

"It is in the multilateral framework also that European-American relations will have to be developed in the next years. The transition from a partnership in which the United States was senior partner to one based on equality and reciprocity will take time, and there is no patent medicine for its creation and institutionalization. It will, moreover, require truly multilateral rather than bilateral or trilateral rules. In the meantime, a multiple dialogue on all levels, political as well as economic, academic, and other, will have to pave the way for an organized dialogue in the future."

COMPETITION RULINGS

The EC's strengthened competition policy continues at full speed ahead with recent antitrust decisions ranging from fertilizers to railroads. The Community's antitrust law derives from the Common Market Treaty -- Article 85, prohibiting any agreement deemed incompatible with the Common Market's functioning, and Article 86, prohibiting the abuse of a dominant market position.

Acting under Article 86, the Commission has rapped Europe's railroad authorities on the knuckles for unfairly exploiting their near-monopoly position as purchasers of rolling stock. In its first action against a dominant buyer, the Commission successfully persuaded Eurofima, the railways' joint purchasing agent, to alter its contract with a potential supplier. Eurofima had called for tenders for working studies of a new type of equipment which it intended to buy later. Companies making bids had been asked to renounce the right to further payments for the use of any invention or other industrial rights developed in the course of the commissioned studies. In particular, Eurofima had asked the companies to give up the right to be consulted and paid supplementary fees if any of their developments were licensed to others for manufacturing. The Commission found this requirement "unjustified" and an abuse of a dominant position. Eurofima then rewrote the contract to provide for payments and consultations.

Under Article 85, the Commission has prohibited a cooperation agreement between the two largest producers of potash fertilizer in the Common Market. The agreement between the Societe Commerciale des Potasses et de l'Azote S.A.R.L., of Paris, and Kali und Salz A.G., of Kassel, Germany, had provided for the joint fixing of the quantities and qualities of potash salts that were exported by the two firms and for the joint coordination of deliveries and distribution. This coordination had been achieved by the appointment of joint distributors in the Netherlands and Italy and resulted in standardized prices and sales conditions. This agreement violated the free play of competition, the Commission ruled, since every producer must individually organize its own distribution independent of its competitors. The Commission also said that information exchanges concerning production and distribution could lead to production pattern agreements and shared export markets.

EC-ASIAN DIALOGUE

In the first official South Korean visit to the EC Commission, Prime Minister Jong Pel Kim traveled to Brussels May 22. He was accompanied by Jung Tae Kim, Deputy Minister for Economic Affairs in the Foreign Ministry, and Young Sun Kim, Minister for National Unification. They met with EC Commission President Francois-Xavier Ortoli and Vice President Christopher Soames. Discussions focused on improving the growth of trade between the Community and Korea, the upcoming world trade talks, and the EC's generalized preference system for developing countries.

EC'S ECONOMIC PICTURE

The economy is booming, but EC member states must still contend with an ever-increasing rate of inflation, according to the Commission's first quarterly report on the economic situation in 1973.

The report, released last month and the first published since the Community's enlargement last January, said that vigorous economic growth in the United States and other industrialized countries caused EC exports to expand. Internal demand in the Community, which during most of 1972 had been stimulated mainly by increased private consumers' expenditure, has in recent months also been boosted by a more vigorous drive to replenish stocks and a more favorable trend in fixed investment. Imports have also increased at a faster rate, the report said. Employment in the Community has risen, despite many firms' attempts to cut manpower requirements as part of rationalization programs.

The only flaw in the otherwise glowing picture of the Community's economy is inflation. Prices have increased rapidly throughout the Community, the report said. They have been pushed by the persistent rise in labor costs and the higher costs of imported raw materials and semi-manufactures. In a number of member countries, there were also strains in the supply-demand situation, the report said.

DANISH EC MEMBERSHIP GOOD FOR US EXPORTS

"Indications that the Danes are actively shopping for American goods and equipment are abundantly evident," according to the US Commerce Department's magazine *Commerce Today*. The increased demand for US goods, the magazine said, is sparked by increased business activity in Denmark following Danish entry into the European Community. Danish businessmen hope to expand and modernize production in order to take advantage of their new and enlarged market -- that is, the other eight member countries of the Community. American goods in particular demand, the magazine said, are computers and computer-related equipment. The processing equipment, now almost 40 per cent, should reach 50 per cent by 1977, the magazine said.

ANSWERING AND ASKING

The European Parliament's most inquisitive member has moved to the other side. Netherlands Socialist Henk Vredling, who has submitted more written questions to the Commission than any other EP member, became his country's Defense Minister on May 11. He will now be doing the answering instead of the asking. A member of the European Parliament since 1959, Vredling has submitted 2,086 questions. His tally rose from 10 in 1959 to 543 questions last year. An expert on agriculture and trade questions, he strongly backed increased powers for the Parliament. Dutch observers believe that his active participation in the European Parliament helped bring him to the attention of the new Premier Joop den Uyl.

EC ESTABLISHES URANIUM ENRICHMENT COMMITTEE

A Standing Committee on Uranium Enrichment will be one of the first steps toward a European enrichment facility to cover "a substantial and increasing proportion of the requirements of the European Community." The decision to establish the Committee came at a May 22 Council of Ministers meeting.

The new Committee will keep market surveys on enriched uranium up to date, taking into account the guarantees and potentials of different suppliers. The Committee will also examine ways to promote the development of the necessary industrial capacities in the Community and to facilitate coordination of measures initiated by member states. A report on its findings must be submitted to the Council by the end of December 1973.

The Council, in its resolution, said that action is necessary because plants currently in existence cannot guarantee the necessary supplies beyond 1980. Suppliers are requiring long-term contracts to be concluded at least eight years before the first delivery, the Council said. The United States is currently the major supplier of enriched uranium to European industry.

BRUSSELS FREE UNIVERSITY OFFERS FALL PROGRAMS

The Free University of Brussels is now accepting applications for its academic program beginning the first week in October. The Institute offers one and two-year graduate programs in European economics, law, and politics.

For more information, write Institut d'Etudes Europeennes, Avenue F.D. Roosevelt 39, Brussels-1050, Belgium.

A NEEDED BREACH IN THE TARIFF BARRIER

The Commission of the European Communities has proposed a further easing of the EC's common external tariff barrier, to cut food prices. Certain food tariff suspensions already in force will be maintained and new ones will be added. The aim is to boost food imports.

The measures particularly affect seafood. Duty on salmon will fall to zero, on mackerel to 5 per cent, on oysters to 4 per cent. Duties on cod are unaffected. The tariff on Seville oranges falls to 8 per cent, on dates to zero.

ELEVATING THE TRANSATLANTIC DIALOGUE

....The real question is whether Europe and the United States can talk to each other. At least talk to each other in any meaningful and problem-centered way....We must also remember that the objective of pulling off the forging of a European Community is one that almost boggles the imagination. The remarkable thing is not that the effort is so difficult and vexatious but that it is being tried at all. The Community nations confront all of the problems (though vastly magnified by greater linguistic, cultural, and political diversity) of our colonies 200 years ago as they tried to operate independently with the Articles of Confederation....Wars have been started over no more profound matters than the purple language that the French and German agricultural ministers hurled at each other recently over prices, but France and Germany are at peace and agreement was reached. The Community structure was tested, and it held. This seemed to be the "big idea" in Henry Kissinger's recent speech, and it made sense, but unfortunately we promptly got bogged down in transatlantic arguments about whether "year of Europe" or "new Atlantic Charter" were very good phrases. If we cannot get our dialogues on a more problem-centered focus than has been prevailing, 1973 will not go into the history books as the year of anything much. -- Paul W. McCracken, *The Wall Street Journal*, May 24, 1973.

EC MONETARY UNITY

Suppose that as you drove west on a trip to California you had to stop and change your money when you got to the Pacific Time Zone. Greenbacks for bluebacks. That would be a nuisance. Along with inspection of live plants at the California state line, there would be rows of banks ready to change your money. Americans find such an idea ridiculous because they have never had to live under such a system. In the 50 states, the same currency that is used to pay the rent in New York pays a hotel bill in Los Angeles. And that system is what Europe is trying, with many brave beginnings thus far, to bring about for itself. The enlarged Common Market is committed to achieving monetary unity by 1980. Whether that unity would mean a common currency or simply inflexible rates of exchange for the various member nations' currencies is not too important. And the 1980 date also does not matter; it is commonly admitted here that 1980 may be on the optimistic side. What Eurocrats in Brussels emphasize is that the commitment to monetary unity is a real one....The realization of monetary unity is a bit like putting the keystone in an arch. Critics who think it is a mistake to emphasize the goal of monetary union say this is like trying to put in the keystone before the other stones are in place. proponents of unity suggest that emphasis on the goal will make it easier to gather up the other necessary stones along the way. -- Richard Nenneman, *The Christian Science Monitor*, May 24, 1973.

WORTH QUOTING: EC COMMISSION VICE PRESIDENT CHRISTOPHER SOAMES

Question from the floor of the European Parliament, May 8:
President Nixon's 1973 Foreign Policy Report to Congress suggests that the Community pursues increasingly "regional" economic policies while seeking to preserve American protection in defense and an undiminished political commitment to European unification. Is Europe trying to have its cake and eat it?

Mr. Soames: *Certainly our political commitment to European unification is undiminished, and I am glad to see that the United States' commitment to that same political objective has just been reiterated by the President himself. Certainly we shall continue to see our defense and that of the United States as part of a cooperative endeavor with the United States in which each benefits from the efforts of the rest, and each must play his honorable part, sharing risks, costs, and burdens. But the Community is not increasingly pursuing regionalism. It is increasingly pursuing global objectives. Without its existence, the Kennedy Round [within the General Agreements on Tariff and Trade] could not have been engaged and could not have succeeded. The Community has provided the largest, fast-growing market for the exports of the rest of the world, including the exports of the United States. The Community was the first to institute a Generalized Preference system for the benefit of developing countries, and our member states yield to none in the proportion of their national product that flows to the "Third World" for its development. As we grow in strength and unity, so will our worldwide responsibilities. We intend to do our utmost to live up to them.*

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