

EUROPEAN COMMUNITY NEWS

PUBLISHED FORTNIGHTLY

The contents of this newsletter may be quoted or reproduced without further permission.

COMMISSION OF THE EUROPEAN COMMUNITIES

2100 M Street, N.W., Washington, D.C. 20037 phone (202) 872-8350
277 Park Avenue, New York, N.Y. 10017 phone: (212) 371-3804

NO. 2, JANUARY 18, 1974

KRAG -- NEW HEAD OF EC DELEGATION TO WASHINGTON

Jens Otto Krag, former Prime Minister of Denmark, arrived in Washington, D.C. on January 16 to head the Delegation of the Commission of the European Communities to the United States. Krag replaced Ambassador Aldo Maria Mazio, who was appointed the first head of the Delegation at the time of its establishment in October, 1971. Mazio, a former Italian diplomat and ambassador to Belgium, has retired. Krag will present a formal letter of introduction from the Commission to U.S. Secretary of State Henry A. Kissinger shortly.

Krag, who has had a career spanning 30 years in Danish public service and politics, was born in Randers, Denmark in 1914. He served as Danish Prime Minister from 1962 to 1968 and from 1971-1972. Earlier, he had been Danish Foreign Minister (1958-62), Minister of External and Economic Affairs (1957-58), and Minister of Economy and Labor (1953-57). He also acted as Foreign Minister between 1966 and 1967 while serving as Prime Minister. He was awarded the coveted Charlemagne Prize in 1966 and the Schuman Prize in 1973 for his dedication to the European cause.

He resigned the premiership in October 1972, after winning a popular referendum to approve Danish EC membership.

COUNCIL GETS CALL FOR EC COOPERATION WITH US IN ENERGY FIELD

The European Community should respond affirmatively to U.S. Secretary of State Henry A. Kissinger's proposed plan for establishing cooperation among the world's energy consuming countries -- the Commission urged the Council of Ministers on January 10. In a December 12, 1973 speech in London, Kissinger called for the creation of an "Energy Action Group," composed of representatives from Europe, North America, and Japan, whose duty would be to develop an initial action program in all energy sectors. Urging that the EC Member States respond positively "on a Community basis," the Commission said they should also decide to consult and work with each other prior to any formal contact with the United States on energy matters, and to include the Commission in all proceedings.

EC TO
DECIDE
ROLE
IN ENERGY
CONFERENCE

Five EC Member States were invited to participate in President Richard M. Nixon's proposed February 11 International Energy Conference (Britain, France, Italy, the Netherlands, and West Germany). These countries form part of the Nuclear Energy Agency of the Organization for Economic Cooperation and Development. The U.S. Administration has left it to the Community to decide how it will participate in the Conference. At this writing, the Council of Ministers is meeting to determine what form EC representation will take.

PLAN FOR
STOCKPILING
POWER STATION
FUELS

European Community Member States will be required to create and maintain fuel stockpiles for steam generated electric power stations, if the Council of Ministers adopts a January 11 proposal from the EC Commission. The stocks, lasting a minimum of 50 days and to be built up by no later than January 1, 1976, would be located on site, or in some cases, between two power stations. To ensure compliance, the Commission called for the setting up of a Member State monitoring system for larger stations. The regulation would not apply to power stations using primary energy sources such as water or natural gas.

EUROPEAN
COOPERATION
GROUPING
PROPOSED

Creation of the European Cooperation Grouping, a new legal entity designed to encourage Community business enterprises of all sizes to coordinate some of their activities for mutual benefit, has been proposed to the Council of Ministers by the Commission. The new grouping, designed to operate within the bounds of EC competition rules, would permit temporary combinations of business interests under flexible procedures which would be easily adaptable to prevailing trends in the economic situation.

A grouping could be formed, for instance, to operate a joint purchasing office to secure lower prices for similar products from suppliers and/or a joint sales office. A joint trademark could be adopted which would be marketed and advertised by the grouping. Joint bidding for contracts whose scope exceeds the capacity of any one member to handle, joint administration of specialized services, and coordination of certain members' technical activities, such as research on a new product, would also be feasible.

PAINT FIRMS
EXEMPT FROM
EC-ANTITRUST
REGULATIONS

The Transocean Marine Paint Association's exemption from antitrust regulations of the European Community's Treaty of Rome has been extended to 1978 by the EC Commission. The Association of 20 paint manufacturers, operating in a number of EC member and non-member countries, was granted its initial exemption in 1967. Transocean was set up to give members a competitive position on the world market by stocking at European ports, paints of uniform formulas, bearing the Transocean label. Authorization of the extension was contingent upon removal of previously-approved export restrictions, imposed by some of the member companies.

TOWARD A
COMMON
POLICY
ON LIFE
INSURANCE

The European Community moved toward a common policy for life insurance with a directive proposed to the Council of Ministers by the Commission. The directive would coordinate Member State laws, regulations, and administrative provisions relating to the establishment and exercise of direct life insurance business. Applying uniform conditions of certification and rules for operation to head offices, branches, or agencies, the proposal is in many respects identical to the Council's directive on indemnity insurance, adopted July 24, 1973.

To protect life policyholders from losses as the result of the failure of an indemnity business, the measure would require legal separation of life and indemnity insurance undertakings. Insurance firms formed after adoption of the directive would be required to specialize in one kind of insurance. Already existing businesses dealing in more than one kind of insurance would be able to continue, providing they adopt strict rules on separate management and accounting. Insurers' assets would be divided into "life" and "indemnity" portions. They would also be required to prove that they possess the technical and quantitative reserves to meet liabilities contracted.

Subsequent directives on the freedom of establishment and of providing life insurance services will be drawn up by the Commission in the near future.

EC BANS NON-
DEGRADABLE
DETERGENTS

The European Community has placed a ban on the sale of detergents with an average degradability rate of less than 90 per cent. The standard, adopted by the Council of Ministers in December, is the highest set by an international organization and exceeds the levels given in the regulations of most Member States. The Council also adopted a system for Community inspection of the biodegradability of detergent foaming agents. These measures are aimed directly at reducing water pollution.

HEAD OF
EUROPEAN
WEATHER
FORECAST
CENTER
APPOINTED

Professor Aksel C. Wiin-Nielsen has been named Director of the new European Center for Medium-Range Weather Forecasts. The Center was established by a Convention signed, October 11, 1973, by the nine EC Member States and by Spain, Greece, Yugoslavia, Norway, Austria, Portugal, Switzerland, Finland, Sweden, and Turkey.

Nielsen, a Danish citizen, was appointed by an Interim Committee created to plan operations to be undertaken by the Center. Nielsen, a meteorological specialist, was Professor of Atmospheric Science at the University of Michigan at Ann Arbor from 1963 until he assumed the Center directorship on January 1. Earlier, he had worked on the staffs of the Danish Meteorological Institute, the International Meteorological Institute in Stockholm, Sweden, the Joint Numerical Weather Prediction Unit in Washington, D.C., and was assistant director of the Laboratory for Atmospheric Science at the U.S. National Center for Atmospheric Research. While at the University of Michigan, Nielsen also worked on the Global Atmospheric Research Program as Chairman of the Working Group on Numerical Experimentation.

**EXPERTS
REPORT ON
DEVELOPMENT
OF ECONOMIC
AND MONETARY
UNION**

A report on the development of Economic and Monetary Union (EMU) in the European Community has been published by the Commission. The report, prepared by a group of experts, was requested by the Commission for consideration in the shaping of future EC policy.

The group emphasized that the construction of EMU requires simultaneous advances in various fields such as domestic and external monetary affairs and in short-term economic, regional, social, industrial, and budgetary policies.

With regard to monetary policy, the group recommended a system of flexible intra-Community exchange rates combined with provisions for joint float against non-EC currencies. Also proposed, was the creation of an additional European currency, defined as a "basket" of national currencies. Having a role similar to the Eurodollar, it would act initially as an exchange currency and would eventually have broader functions. Global regulation of monetary affairs should be applied at an EC level, the report said. Regulatory procedures for budgetary policy, however, could continue to be carried out by each Member State.

Recognizing that the Report's proposals would require financial resources far exceeding the limits of the EC budget, the group called for increasing the budget from a level of 0.5 per cent to 3 per cent of the Community's gross national product by 1980. Copies of the report may be obtained at the Washington or New York office of the European Community Information Service.

**NOTICE OF
PUBLICATION**

Starting with this issue, the *European Community News* will be published *weekly* instead of once very two weeks.

EUROPEAN COMMUNITY NEWS
2100 M Street NW Washington DC 20037

FIRST CLASS
PERMIT NO.
44734
WASHINGTON, D.C.

FIRST CLASS