

European Community NEWS

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KRAG-KISSINGER EXCHANGE VIEWS

Jens Otto Krag, Chief of the Delegation of the Commission of the European Communities to Washington, exchanged views on US-EC relations with Secretary of State Henry A. Kissinger at a March 19 conference. The March 19-20 Washington Conference on "The Corporate Stake in Meeting the Crisis in the Atlantic Alliance" was sponsored by the Johns Hopkins School of Advanced International Studies, the International Management and Development Institute, and the Atlantic Council.

Kissinger said President Richard M. Nixon did not intend to cast doubt on his commitment to help defend Europe. Krag suggested the creation of consultation machinery to avoid further misunderstandings on both sides, such as those regarding the US peace-making role in the Middle East, or the EC March 4 initiative with regard to cooperation with the Arab countries. He pointed out that the EC cooperation plan was a decision of principle. Kissinger replied that he "very much" agreed with the spirit of Krag's remarks and pointed out that the United States does not object to the European initiative toward the Arab

countries. Difficulties arose, he continued, because of inadequate consultation. Kissinger finished by saying that a European effort is good, but its range should be discussed to avoid a competitive situation with the United States.

CHEYSSON TO VISIT DAMASCUS

Syrian Government officials have invited EC Commissioner Claude Cheysson to visit Damascus March 25-26. Cheysson is responsible for the European Community's development policy. Syria is one of the countries to be included in the Community's projected Mediterranean policy. The other Arab countries to be included are Algeria, Tunisia, Morocco, Libya, Egypt, Lebanon, and Jordan.

COMMISSION SPONSORS STEELWORKS CONFERENCE

A conference on methods used to inspect, analyze, and control steelmaking in the European Community will be held in Luxembourg April 2-3. The conference is sponsored by the EC Commission. Production managers and equipment manufacturers will attend this meeting to study past and future use of these methods in steelworks, blast furnaces, and rolling mills.

EC ADOPTS POLLUTION RESEARCH PROGRAM

The European Community's third five-year research program for technological prevention and control of pollution in the iron and steel industry was recently approved by the Council of Ministers. The Consultative Committee of the European Coal and Steel Community also approved the 10 million unit of account (UA) program. (One UA equals \$1.20635 at current rates.) Unlike the two earlier programs, research will be done on industrial water and noise pollution in addition to atmospheric pollution.

SPINELLI CALLS FOR EUROPEAN COMMITMENT

The time has come for the European Community to decide whether or not it wants to maintain solidarity and joint identity vis-a-vis the outside world, Altiero Spinelli said in accepting the 1974 Robert Schuman Prize for his contribution to the cause of European unity. Spinelli, EC Commissioner responsible for industrial policy, spoke at the Rheinische Friedrich-Wilhelm University of Bonn, Germany, March 12.

The Common Market, according to Spinelli, has met many setbacks and defeats recently. The Community's only two positive successes have been the accession of its three new members (Britain, Denmark, and Ireland) and the fact that every black African State has sought negotiations for association with the Community.

Speaking on the lack of Member State commitment to the principles of European identity, Spinelli said the Council of Ministers and the Ministers' Political Cooperation Committee meetings have become periodical gatherings producing nothing. Decisions are postponed because each minister presents his own Government's point of view and declares his inability to negotiate or compromise. The only EC institution capable of developing trans-

national groupings of political forces, Spinelli said, is the European Parliament.

Should the Heads of State or Government decide to move toward European solidarity, Spinelli recommended a declaration placing all matters of joint European interest in the hands of a democratically elected European Government. This would require ratifying a treaty containing a constitution for such a government which, he said, should be drafted by the European Parliament.

EIB LOAN FOR FRENCH POWER STATION

Construction of a nuclear power station in Saint Vulbas, France, will continue with the help of a European Investment Bank (EIB) loan for 15 million units of account (UA). (One UA equals \$1.20635 at current rates.) The EIB has already loaned UA 15 million to the power station (December 1973). The station will contain a pressure water reactor with a net rating of 925 megawatts. Since 1967, the EIB has granted 15 other loans totaling UA 309 million to help build 10 nuclear power stations throughout the Community.

AUTO-POLLUTION RULES TO BE STRENGTHENED

Automobile pollution in the European Community will be further reduced if the Council of Ministers approves a Commission proposal to tighten a 1970 Council directive limiting motor vehicle exhaust pollutants. The proposal would lower permissible emission limits on carbon monoxide by 20 per cent and unused hydrocarbons by 15 per cent. Vehicles would have to keep within the new emission limits at any idle adjustment. According to the proposal, new types of vehicles built after October 1, 1975 would have to meet the new provisions as would all other new vehicles after October 1, 1976.

TOWARD STANDARDIZED CORPORATION ACCOUNTS

European Community investors will find transnational transactions easier if the Council of Ministers adopts the Commission's February 18 proposals to harmonize Member State laws on limited liability company annual accounts. The proposals would amend the Commission's November 1971 draft directive on harmonizing national laws on the content, publication, and methods of evaluating limited company accounts and management reports.

The amendments incorporate the European Parliament's recommendations and take into account the laws of the new EC Members (Britain, Denmark, and Ireland). They would

- add flexibility to company account formats
- define certain principles for evaluating assets
- broaden Member State powers to allow companies to use methods for valuing certain capital assets to show inflation effects (on the basis of replacement value, for instance)
- break down company turnover figures, dividing industrial and commercial activity results into separate categories.

"POLLUTER PAYS" PRINCIPLE DEFINED

A communication and draft recommendation to EC Member States defining the application of the "polluter pays" principle throughout the European Community was sent to the Council of Ministers this month. This principle was accepted by the Council in approving the EC environmental action program July 19, 1973.

The "polluter pays" principle states that individuals or firms responsible for pollution should bear the costs of preventing or reducing pollution to the

level set by national quality standards.

The communication offers a broad formula for identifying polluters. Where pollution results from a production process or provision of a service, antipollution costs would be paid by the producer or service provider. In the case of pollution caused by the use of products (cars, tin cans, non-biodegradable detergents, etc.), the costs would fall on the user, as a percentage of the product price.

Industrial polluters would be subject to levies to be used either to finance collective purification plants or to give grants to help polluters pay for the installation of treatment equipment. Firms unable to meet quality standards because of economic, technical, and social reasons would be given additional time to comply and may receive temporary Member State financial aid. The "polluter pays" principle would not apply to firms benefiting from aids granted under other EC policies (regional, social, research) which cover part of the costs they would normally have to bear.

LIBRARY OF CONGRESS EXHIBITS EC DOCUMENTS

An exhibit on "The Law of the European Communities" opened at the Law Library of the Library of Congress in Washington on March 4. It features materials from the Law Library's European Communities collection. Documents shown include the Community Treaties, the official EC law gazettes, collections of Court of Justice decisions, and legal periodicals, treatises, and commentaries on EC law. Maps and other material supplied by the European Community Information Service are also on display.

The exhibit continues through May 31 in the foyer of the Law Library Reading Room, Second Floor, Main Building.

**THOMSON DEFENDS
BRITISH EC-MEMBERSHIP**

The coming into office of the British Labour Government at a time of serious reappraisal of the European Community may act as a constructive catalyst for Europe, EC Commissioner George Thomson said in an address at Britain's University of York on March 8. Thomson, a cabinet officer in the previous Labour Government, now responsible for EC regional policy, said through EC membership Britain is able to buy food cheaper on the Community market than on the world market. It is an illusion to think Britain could base its economy on cheap world food, because world food prices are no longer cheap, he said.

Referring to British criticism of the common agricultural policy (CAP), Thomson said the Commission has proposed reforms which, over the next few years would reduce overall costs by about 500 million pounds sterling a year. Furthermore, he continued, the Labour Government can build on these reforms and propose new policies.

Thomson rejected fears that the Community would compel Britain to impose the value added tax (VAT) on food, books, and other necessities. He pointed out that the Community had

agreed to permit Britain's zero-VAT rating on these items to continue indefinitely and might extend the exemption to every Member State as a positive act of social policy.

**COMMISSION APPROVES
CONTESTED STEEL MERGER**

Britain's fourteenth largest steel company, Guest Keen and Nettlefolds Ltd. (GKN), was authorized by the Commission to acquire Miles Druce and Co. Ltd., a company dealing mainly in distributing, on March 15. Miles Druce contested the GKN merger application and has three weeks to file for nullification of the merger. The case could go to the EC Court of Justice.

GKN is a holding company controlling more than 200 firms covering a wide variety of activities including mechanical engineering, industrial equipment and fasteners, and production and distribution of finished steel products. The Commission approved the GKN/Miles Druce merger on the grounds that it would not violate EC competition or antitrust regulations.

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