

EUROPEAN COMMUNITY NEWS

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EUROPEAN COMMUNITY INFORMATION SERVICE 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

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LIBERALIZE CAPITAL MARKET - HAFERKAMP

Further progress toward economic and monetary union (EMU) is the Common Market's only hope of survival, EC Commission Vice President Wilhelm Haferkamp told the German Banking Conference in Bonn on March 12.

Haferkamp is responsible for EC economic and financial affairs. Although the second stage of EMU was due to begin this year, he said, planned monetary union is in danger of disintegrating into national components. EMU is in trouble, he continued, because Europe began its monetary integration too late; EC Member State economic policy aims differ too much, and EC economic policy and coordinating bodies have been too loosely knit.

Although monetary integration must become the new incentive for complete European integration, Haferkamp pointed out that most of the plans for EMU are still on the drawing boards and lack any links with markets, banks, or firms. Haferkamp called for a permanent European-level dialogue and a concerted attitude by Member State central and commercial banks toward the world monetary situation. Furthermore, he said, the capital market should be liberalized to iron out structural and productivity differences within the Community.

He also called for a coordinated EC-Member State policy to control the deteriorating balance of payments and currency floats.

Haferkamp recommended that a monetary alliance aimed at cooperation with the oil producing countries be formed between the Community and the leading industrialized countries, especially the United States.

1974-75 EC FARM PRICES ESTABLISHED

Farm produce prices will go up by about 9 per cent in the European Community in 1974-75, the Council of Ministers decided on March 25. In the cereals sector, the target price for durum wheat was raised 15 per cent, common wheat 6 per cent, corn 6.5 per cent and rice 6 per cent. Beef and veal went up 6 per cent and 4 per cent respectively. The price of milk was increased 8 per cent. Sugar prices were raised by an average of 6.2 per cent and tobacco went up 5 per cent. Olive oil prices stay the same.

The Council asked the Commission to report on the effects of Member State energy measures on competition in agriculture. The Commission report, along with relevant proposals, should be completed before June 1. It will review the situation for every product, paying most attention to fisheries, horticulture, and other energy-dependent types of farming.

SWEDEN SEEKS TIE WITH EC FUSION PROGRAM

Sweden is the first country outside the European Community that has asked to join the EC controlled thermonuclear fusion and plasma physics program. Swedish Ambassador to the Community, Erik Von Sydow, transmitted his government's formal request for association to Commissioner Ralf Dahrendorf, responsible for EC science, research, and education, on March 21. The Council of Ministers favors third country participation in the EC fusion program, especially by the Community's European neighbors. This is the Community's third fusion program since 1959. The EC thermonuclear programs unite national expertise, programs, and financial means in a common effort to develop this relatively non-polluting energy source.

EIB LOAN FOR BAVARIAN ELECTRICITY

Germany's southeastern Bavaria region will be better suited for industrial development after improvements in the electricity network are made with the help of a 6.2 million unit of account (UA) European Investment Bank loan. (One UA equals \$1.20635 at current rates.) The 20 year loan was granted March 15 to Energieversorgung Ostbayern (AG), the region's main power company. Most of the area borders on Czechoslovakia.

CALL FOR US-EC BUSINESS DIALOGUE

A dialogue between American and European business leaders is essential for dealing with industry's future problems, representatives of European industrial federations and US business organizations concluded at a meeting March 18 in Brussels. Delegates of the Union of Industrial Federations of the European Community (UNICE) and leaders of major US business organizations met under the cochairmanship of UNICE president Paul Huvelin and

Archie Davis, chairman of the US Chamber of Commerce Executive Committee. The group developed plans for a plenary meeting of US-EC business leaders this fall. Joint US-EC task forces were set up to prepare reports for the session on major current problems, particularly on the energy crisis.

NO TAX FOR TRAVELERS' FARM GOODS PROPOSED

European travellers crossing EC Member State borders will no longer be taxed for agricultural products carried in their personal luggage if the Council of Ministers adopts a recent Commission proposal. The proposal would allow tax-free entry for goods worth no more than 125 units account (UA) per person. (One UA equals \$1.20635 at current rates.) Additionally, farm products brought into the Community from third countries would be tax exempt if their value did not exceed UA 25 per person. The measure would also eliminate certain other dues besides customs duties. This proposal completes a series of Commission duty elimination proposals sent to the Council in June 1973.

COUNCIL GETS ANIMAL PROTECTION PROPOSAL

Animals going to the slaughter in the European Community will be protected from excessive cruelty if the Council of Ministers approves a March 19 Commission proposal. The draft directive would require preslaughter "stunning" to be performed by nationally recognized persons, with Member State approved equipment. The directive would not apply to animals slaughtered in religious rites. This proposal follows a November 1973 Commission recommendation for Member States to ratify quickly the European Convention on the Protection of Animals in Transport.

COUNCIL URGED TO TAKE COMMON SEA LAW STANCE

The Council of Ministers should adopt a common EC position for the June International Conference on the Law of the Seas in Caracas, Venezuela, according to a March 21 Commission communication. The Caracas conference will investigate all aspects of ocean law and exploitation, including environmental problems and standards, sea bed mining, territorial and economic jurisdiction, boundaries, and oceanography research.

COMMISSION REPORTS ON EC SOCIAL SITUATION

Social and labor conditions are improving in the European Community, according to a February Commission report on the development of the EC social situation in 1973.

Economic expansion during the first half of 1973, according to the report, helped improve employment and lower unemployment. The job situation improved fastest in Britain, Ireland, Denmark, and France. Italy and Ireland had the highest structural unemployment according to the report.

Female workers are often no more than a reserve labor force, the Commission said. They are fired most often during times of high economic activity and the first to be laid off during a slowdown. Employment of young, aged, and handicapped workers also follows this pattern.

The professional and technical training of workers to qualify them for better jobs is being developed in many Member States. Systems for maintaining workers' salary during training periods are becoming more widely accepted in the Community, the report said.

With regard to working conditions and the right to work, the Commission found a trend toward a 40 hour week and granting four week paid vacations.

Anti-inflationary measures such as wage and price controls have had little effect on inflation, the Commission said. Therefore, the trend toward raising low level salaries faster than high level salaries tapered off in 1973. Housing is becoming more and more of a problem in the Community, according to the Commission. Land and construction costs are high.

The Commission said the trend for more and more European women to work is moving faster than the Member States can adjust to changing family needs. As a result, there is the shortage of adequate day care centers.

As far as family allowances are concerned, the report said they had been increased in Belgium, France, and Ireland, will go up in Italy, and are under study in Britain and Germany. Social problems confronting migrant workers, the Commission said are long from being solved despite efforts by public and private organizations to provide additional social services.

The year of the British, Danish, and Irish accession to the Community was marked by important social security reforms in those states. National health services were set up in Denmark and reorganized in Britain, and social security benefits were extended in Ireland.

EIB HELPS FINANCE BASQUE COAST MOTORWAY

Construction of the Basque Coast Motorway will be helped by a 9.9 million unit of account (UA) European Investment Bank loan, granted March 19. (One UA equals \$1.20635 at current rates.) The 20-year loan was granted to ACOBA, the company building the motorway--a toll road. It will help finance a section of the highway being built between the Franco-Spanish border and St. Geours-de-Mareme, France. This 37 mile section, costing UA 109 million, will link the Spanish motorway to Bilbao, Spain, and later form part of the highway from Paris to the Spanish border via Bordeaux.

ORTOLI TO HEAD COLLEGE OF EUROPE

François-Xavier Ortoli, President of the Commission of the European Communities, will become President of the College of Europe's Administration Council, September 1. Ortoli will succeed former EC Commission President Jean Rey who held that post since 1964. Ortoli was named to the presidency by representatives of the 13 European States which finance the College.

The College of Europe, founded in Bruges, Belgium, in 1949, is the oldest postgraduate institute for European studies. The courses and research program concentrate primarily on the European integration process. Twenty-five nationalities were represented in the 1973-74 student body, 13 in the faculty. During 1973, the College overhauled its entire program, nearly doubling enrollment, enlarging the faculty and broadening and reorganizing the course program.

WORLD FUND NEEDED FOR DEVELOPING COUNTRIES

The European Community should take the initiative in encouraging the world's richest countries to help developing countries whose financial situation has deteriorated due to skyrocketing world prices. Such was the Commission's recommendation in a March

21 Communication to the Council of Ministers. The Commission called for an EC proposal to set up a world assistance fund of about \$3 billion for developing countries. The Community could contribute about \$500 million to the fund, the Commission said. Once accepted by the Council, the proposal could be made at the forthcoming special session of the United Nations General Assembly, dealing with problems of developing countries and raw materials.

NORTH SEA OIL NOT COMMUNITY PROPERTY

North Sea oil resources belong entirely to the Member States having jurisdiction over them, the Commission said March 20 in answer to a written question from European Parliamentarian Lord Charles O'Hagan. Member State exploitation of North Sea oil, the Commission said, would be subject to Common Market Treaty provisions on free movement of goods and the right of establishment. North Sea oil reserves in 1980 could cover about 15 per cent of the European Community's oil requirements. The technical and economic advantages to the Member States having sovereignty over parts of the North Sea, according to the Commission, will eventually benefit the whole Community.

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