

# European Community NEWS

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## ITALIAN ENVOY, FORD LAUD EUROPEAN COMMUNITY

"A united and strong Europe will be an essential factor in establishing a growing cooperation with the United States, and the West in general, to find solutions to the great problems of our time: peace, balance of power, and a more harmonious progress of the world," said Roberto Gaja, the newly appointed Italian Ambassador to the United States, presenting his credentials to US President Gerald R. Ford in Washington July 14. "European construction," Gaja continued, "this ideal pursued by De Gasperi, aims at consolidating and strengthening the countries of Western Europe, but at the same time it aims at developing ever closer relations of cooperation, especially with the United States, in the interest of detente and international economic and political stability."

In accepting the Ambassador's credentials, Ford acknowledged that "The United States recognizes the great importance that the members of the European Community attach to their efforts toward European union. For our part, we are encouraged by the Community's recognition of the importance of strengthening US-Community relations through enhanced consultations in the framework of Atlantic cooperation... We have welcomed Italy's assumption of the Community Presidency and look forward to working closely with you over the next six months."

## EC, MEXICO INK TRADE AGREEMENT

Mexico became the fourth Latin American country -- after Argentina, Uruguay, and Brazil -- to conclude an agreement with the European Community when it signed a nonpreferential trade accord in Brussels July 15. The agreement, which includes the principle of most favored nation status, seeks to develop trade for the benefit of both the Community and Mexico, taking into account Mexico's special situation as a developing country. Both parties have agreed to encourage and establish economic and commercial cooperation, especially in the realm of investments, and have set up a joint EC-Mexico committee which will meet at least once a year to review the progress of relations.

Only one-fifth of Mexico's foreign trade is with the Community, which registered a 555 million unit of account (UA) trade surplus with Mexico last year. The United States is Mexico's principal trading partner, accounting for more than two-thirds of its foreign trade and providing 80 per cent of its foreign investment. (One UA equals \$1.20635 at current rates.)

## PRODUCTIVITY SLOWS, WAGES' RISE IN 1973

Wages and unemployment rose in both the European Community and the United States in 1974, with productivity per worker increasing little and staying well below the increases of 1973, according to recent economic analyses by the EC Commission. Wages rose the

most in Italy and Britain in 1974, the survey showed. British labor costs went up 26 per cent in 1974, after a 7.5 per cent rise in 1973, while Italy's wages increased an average of 22 per cent in 1974, as opposed to 12.5 per cent in 1973. The rise in EC labor costs was lowest in Germany (9 per cent in 1974 and 7 per cent in 1973), while in the United States, wages rose 8.5 per cent in 1974 against only 3.1 per cent in 1973.

### **EC REGRETS ICELAND'S MOVE IN FISHING ZONE**

Taking note of Iceland's July 15 declaration to unilaterally establish a 200 mile zone for fishing beginning October 15, the Commission expressed regret that Iceland had taken such a decision before any action could be taken on fishing rights by the United Nations Conference on the Law of the Sea. Iceland's decision may delay the resolution of the EC difficulties with Iceland over fishing, which prevent the application of a protocol of the EC-Iceland agreement. Under this protocol, Iceland would enjoy major tariff concessions on the Community market for most of its exports of fish products.

### **40-HOUR WEEK, 4 WEEKS HOLIDAY IN EC BY 1978**

Member states should introduce

both the 40-hour week and the four weeks, annual paid vacation by the end of 1978 or as soon as possible beforehand. This was the recommendation of the EC Council of Ministers, which reached agreement at a June 17 meeting in Luxembourg. The Council also agreed that the lengthened vacation should not result in reduced annual earnings or vacation pay and that paid public holidays falling during a period of annual leave would not be counted as part of the vacation. It is now up to the member states to incorporate the Council's recommendation in their national legislation.

### **EIB HELPS SUPPORT IRISH ECONOMIC GROWTH**

Ireland continues to reap benefits from European Community membership, this time in the form of a European Investment Bank (EIB) loan for 7.7 units of account (UA), granted to Cement Ltd. of Dublin, to help finance major expansion at the company's cementworks at Platin, County Meath. Since Ireland joined the Community on January 1, 1973, it has received more than UA 68.4 million from EIB to finance projects in the food industry, modernization of telecommunications and railroads, and to help smaller ventures in the rural areas. (The UA used in calculating EIB loans is worth about \$1.30.)

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