

EUROPEAN COMMUNITY NEWS

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THIRD EC COUNCIL MEETS IN BRUSSELS

EC aid to Portugal must be tied to "the development of pluralist democracy" in that country, the nine EC member states' heads of State or Government agreed at their third, new style European Council meeting, in Brussels July 16-17. The participants also called for economic measures to increase consumer demand and lessen unemployment, through deficit spending if necessary, to stave off Europe's deepening recession. They also

- agreed that economic problems "must be tackled in cooperation with other industrialized countries, especially the United States and Japan, if there is to be any hope of economic recovery"
- called for a more stable world monetary system and asked the EC finance ministers to study the technical problems posed by floating exchange rates
- reached agreement on the Commission's raw materials proposals
- called for a report by the foreign ministers on the possibility of an EC passport.

The thrice-yearly European Council meetings are a new form of European "summits," and are used for establishing general policies, leaving the details and specific decisions about Community matters to meetings of the EC Council of Ministers.

EUROPEAN UNION REPORT RELEASED

A report on the possible shape and

scope of a "European union" was adopted by the Commission June 25. Although no precise aims were detailed and no deadlines set for the goal, certain guidelines for the achievement of European union were suggested. The union must be a single organization, the report noted, based on an act of constitution set down in a new treaty and having responsibility for those matters which the member states can no longer deal with efficiently. The constitution would detail the union's authority, but it is hoped that it would cover social, economic, budgetary, foreign policy and defense matters, as well as providing for the protection of human rights. The union would give authority to common institutions in areas which would benefit Europe's prosperity, progress, and influence on the world. It would have direct decision-making and supervisory powers, such as those which already exist in the Community, as well as its own monetary instruments and a judicial function, to be created on the basis of the current jurisdiction of the Court of Justice.

A single structure institutional system would cover all the union's areas of authority. As for the legislative and executive functions, a collegiate body, whose members would be independent of national governments, would be the executive organ. The legislative branch would be bicameral. A European Parliament--directly elected and exercising more power would speed the move to European union.

FRENCH FRANC REJOINS SNAKE

The five countries which make up the

EC monetary "snake" -- Belgium, Denmark, Germany, Luxembourg, and the Netherlands -- welcomed France back into their ranks on July 10, after an absence of one and a half years. The snake is the system by which these Community countries limit the fluctuations between their currencies to 2.25 per cent above or below their respective cross rates. France dropped out of the snake in January 1974 because of balance of payments difficulties. A tough stabilization program by the French Government improved the situation enough to allow the franc to take its place beside the other members of the snake.

ECSC TO USE NEW UNIT OF ACCOUNT

Use of the European Community's new unit of account (UA) employed by the European Investment Bank and the European Development Fund will be extended to transactions of the European Coal and Steel Community (ECSC) January 1, 1976, the EC Commission announced July 16. The UA, an accounting mechanism used for expressing monetary values, is based on a basket of EC member state currencies. Its value, currently about \$1.26, changes with the fluctuations of its members' currency rates. In the initial phase of implementation, the ECSC, which

currently uses a unit of account linked to gold, will use the new UA in the calculation of levies, the budget, and in the yearly balance sheet. It is planned that the new UA, introduced in March 1975 will progressively replace all existing units of account used in the Community.

US-EC TRADE GROUPS PONDER WINE LABELING

Technical aspects of US-EC trade in wine were the focus of July 9-11 talks in Brussels between trade officials from the EC Commission and the US Government. The United States requested the meeting to clarify new labeling rules for wine, scheduled to take effect in the Community this September but now postponed until next year. The regulations stipulate that certain vintage wines must contain 85-to-100 per cent of the local grape variety under which the wines are labeled. The US Treasury Department also is considering wine labeling requirements.

US-EC wine trade has been growing steadily in the last few years. European exporters see the big US market as a major outlet for the growing Community wine surplus, while US wine growers, who have increased their capacity in recent years, are looking toward the Community as a market for their wines, especially New York champagne and California burgundies.

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