

A Letter From EUROPE

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A monthly update on the European Community
from its Delegation in Washington

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SPAIN AND PORTUGAL - A GOOD DAY FOR EUROPE - A GOOD DAY FOR THE WEST

A refrain I often hear travelling around the country is a doubt as to whether the European Community is sufficiently capable of reaching agreement on key issues to enable it to develop. As an old American friend of mine put it, "The trouble with you lot is that you can't get your act together. You remind me of the famous line from Macaulay's 'Lays of Ancient Rome':

'Those behind called Forward
and those in front cried Back'".

These doubts should now be laid fully to rest, following the announcement in Brussels March 29 that agreement had been reached on the essentials in the negotiations for entry into the Community of Spain and Portugal. Spain and Portugal will now join the Community (after ratification of the Treaty of Accession by these countries and the Member States) on 1 January 1986.

This is a historic step. It will enlarge the present Community from a population of just over 270 million to some 320 million. And if one includes the EFTA countries with whom free trade area arrangements exist, the total tariff-free area in Europe will reach 350 million people, half as big again as the population of the United States.'

What were the main difficulties? Some were in the agricultural sector, where Iberian wines, olive oil and vegetables would add to Community surpluses. Some related to the fishing sector, and others to the speed of dismantling of industrial tariffs and the rate at which Spain and Portugal will become full contributors to the Community budget. Another problem was the need to compensate the southern regions of the Community for what will be mainly Spanish competition in agriculture. Greece, which is particularly affected, had conditioned its agreement on adequate compensation terms. These were agreed by the European Council on March 30 in the form of an Integrated Mediterranean Program, which will give Greece over a period of seven years \$1.4 billion in direct grants alone.

What are the implications of this enlargement for the United States? The first is a political one. The unity of Europe has

been increased and the sharing of democratic beliefs strengthened. A new window has been opened on Community relations with Latin America. A possible threat to Spain's membership in NATO has been removed. And this enlargement completes the accession of those European countries who have felt able to join the original Community of the six - an evolution very much in line with the long support the United States has offered to a united and prosperous Europe.

What will be the consequences on the trade front? American exporters of industrial goods can expect benefits from a reduction of Spanish and Portuguese tariffs to the low Community level. For certain agricultural exports, American exporters will have to reckon with their inclusion in the Common Agricultural Policy. But there will be an extensive transitional period of ten years, in most cases, for agricultural goods. The essential point is that the international trading rules (the General Agreement on Tariffs and Trade) provide a procedure where negotiation is engaged any time a customs union is enlarged, so that the balance of advantage for third countries in terms of GATT commitments can remain the same. This procedure will be engaged after Spain and Portugal join. In other words, the aim of the negotiations will be to ensure that overall American exporters will be no worse off than they were before.

But the decision should be looked at on a wider basis than simply a larger European market. For the last few years the Community has been racked by a series of major internal divisions, including the size of the Community budget, the British contribution to the budget, and the Integrated Mediterranean Program, as well as the enlargement issue itself. These difficulties have now all been resolved.

All this means two things. It means that the Community has given convincing proof that it can get together and resolve its problems, despite bitter clashes of national interest over wide and horrendously complicated issues. And it means that the Community can now concentrate on the challenges of its own development, of completing the free internal market, creating better economic growth, reforming the Common Agricultural Policy, and developing other programs. A series of roadblocks to the development of the Community has been removed.

I was there in Luxembourg in the early hours of June 1971 when the Community (of Six) took the political decision to admit the United Kingdom, Denmark, and Ireland. That was a milestone in the unification of Europe. March 29, 1985 was also a milestone. We shall not look back.

Roy Jenkins

'WINDOW ON THE EUROPEAN COMMUNITY

EC COMMISSION PRESENTS 1985 PROGRAM

The EC Commission presented its 1985 policy program to the European Parliament early last month, setting out its priorities and objectives for the coming term. Of central importance in the report is the Commission's call for the creation of a fully unified internal market by 1992 through the elimination of border formalities, freeing of capital movement, strengthening of the European Monetary System, harmonization of VAT and excise duties, liberalization of financial and banking services, and other measures. Industrial standards, competition regulations, and rules on trademarks and patents should also be harmonized, advises the Commission.

Unemployment remains a prime concern, and the Commission recommends addressing the problem through greater consistency in macroeconomic policies throughout the Community, stimulating activity in construction and public works, and implementing infrastructure development in transport, telecommunications, and the operation of labor markets in Europe.

The 1985 program also focuses on enhancing the EC's role in world affairs, rationalizing and reforming the Common Agricultural Policy, developing the Community's less prosperous regions, and developing a more coordinated R&D strategy.

In the longer term, the Commission intends to explore ways to make the Community more relevant to the "man in the street," in part through transcending the "economism" that has marked European integration from the outset. The report also supports the proposals now before the ad hoc Committee on Institutional Affairs (the "Dooge Committee") on steps toward greater European union, and favors a conference this year to consider drawing up a new, broader, Treaty European Union.

MIGRANT WORKERS

The EC Commission announced in late February a number of proposals for improving the conditions of Europe's 12 million immigrant workers, who have faced increasing racial discrimination as a result of high unemployment and economic recession. "One of our primary purposes," said Peter Sutherland, EC Commissioner for Social Affairs, "is to combat the overtly xenophobic, and indeed racist, reaction to the problem of immigration." While efforts have been made in recent years by individual member states to stabilize and integrate their migrant populations, no common policy has yet been fully developed, and some tendencies have emerged favoring limits to immigration and even voluntary return of migrant workers to their countries of origin.

The new Commission recommendations, aimed at developing a more coordinated and broader approach to the problem, include granting political rights to migrants who are citizens of member states; improving provisions for the free movement of workers; strengthening social security programs; reforming education for the children of migrant workers; and strengthening consultation between member states and the Commission on national policies. Information campaigns directed at citizens of countries both sending and receiving immigrants should also be expanded, as a way of increasing understanding on both sides, said the Commission.

Concern about the situation of migrant workers has also surfaced in the European Parliament, which has established an ad hoc committee to investigate the rise of racist and fascist activity in Europe.

EC SUPPORTS NEW TRADE ROUND

The EC has agreed in principle to take part in a new round of international trade negotiations being promoted by the US, but is concerned that a new round, unless carefully prepared, risks a failure that could damage the entire GATT system. "The Community considers that a new round would help promote world economic recovery and growth," noted EC Commissioner for External Relations Willy De Clercq in Washington recently. But it is essential, in the EC's view, that as many contracting parties as possible participate, and that a consensus be achieved in a number of important areas before the talks begin.

Successful negotiations depend, among other things, on the absence of any new protectionist measures in the months to come; concerted action to improve the functioning of the international monetary system in parallel with improvements in the trade area; the opening of Japanese import markets and a greater willingness from Tokyo to correct current trade imbalances; and the inclusion of counterfeits, trade in services, and the defense of intellectual property as topics for consideration in the new round. While ready to discuss trade in agricultural goods, the Community will not allow the basic goals and mechanisms of the Common Agricultural Policy to be placed in question.

AFRICAN FAMINE RELIEF

The EC and its member states have launched a major emergency food aid plan for Africa that will provide about 1.45 million tons of food this year to combat the famine that is devastating large parts of the sub-Saharan area. The food aid, most of which is grain, is being provided at a cost of about \$400 million as part of the "Dublin Plan" agreed to at last December's EC summit. The Community will supply about 820,000 tons of the grain from both emergency and

normal aid funds, while individual Member States will provide at least 635,000 additional tons. All the food aid is being deployed according to expedited procedures, coordinated both through EC facilities and those of the UN.

The Community, which has been particularly sensitive to Africa's problems due to its current and historical links to the continent, has supported health and nutrition programs there for many years. "The Community did not wait until the African tragedy mobilized world public opinion, nor until the full extent of the catastrophe was known, before taking large-scale emergency action," EC Commissioner Lorenzo Natali said recently.

Immediate emergency steps aside, the Commission believes that long-term solutions to Africa's food-security problem must be developed and implemented; the Community has begun to prepare yearly reports on the farm situation in drought-stricken areas, from which to prepare plans for any future emergency action, and has begun to integrate its food aid programs more closely into the agricultural programs of the recipient countries. A recent Commission report stressed the importance of such integration, and noted that short-term food aid measures should not undermine longer-term agricultural planning.

EUROPEAN YACHT RACE

Yacht racing fans have a major new event to look forward to this summer, as final plans are laid for the first 'European Yacht Race' along the EC coastline. Some 36 multihulls, 13 to 26 meters long, will set sail from Kiel, Germany on August 9 and touch in at ports in the Netherlands, Belgium, the United Kingdom, France, Portugal and Spain, before crossing the finish line in Italy. Prize money for the race, one of the initiatives of the Committee on the People's Europe, will be awarded in ECUs, and EC Commission President Jacques Delors will fire the starting gun.