

# **EUROPEAN BACKGROUND INFORMATION COMMUNITY**

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BACKGROUND NOTE

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## **EC COMMISSION VICE PRESIDENT CAUTIONS OPEC ON PRICES**

A further increase in oil prices would destroy confidence in the economic recovery, EC Commission Vice President Wilhelm Haferkamp has warned the Organization of Petroleum Exporting Countries (OPEC).

"The behavior of the OPEC countries will have a decisive influence on economic trends in the industrialized countries, on the opportunities available to the developing countries, on the development of world trade, and on the very foundations of world economic order," Haferkamp said yesterday in an address to the European Parliament, which is meeting this week in Luxembourg. Haferkamp was presenting the EC Commission's Annual Report on the Economic Situation in the Community.

Future economic trends in the European Community are highly uncertain, he said, but the Commission estimates real growth of about 4 per cent in 1977 and a reduction in the average unemployment rate to about 4 per cent. A reduction in the inflation rate, now averaging 7 per cent to 8 per cent, can be achieved only if the economic upswing continues and if everyone involved works single-mindedly toward the Community's economic goals, he said.

Given so many economic uncertainties, the European Community's heavy dependence on outside sources of energy, and its deep involvement in world trade, the Community would be especially hard hit by an increase in oil prices, and would certainly miss its growth targets according to Haferkamp.

"Oil-producing countries and consumer countries are dependent upon one another. None would be spared if the world economy collapsed," he told the Parliament.