

European Community Newsletter

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Note from the Editor

Europeans, whose countries have so often been in conflict, sought after World War II to establish means which would enable them to act together in dealing with problems that could no longer be solved through national means. Over the years, this European tide produced widening prosperity, common institutions and common policies, conducted through the EC's own financial resources. A still incomplete economic and political system was created in Western Europe. The European Community now confronts a basic challenge: whether to meet the ambitions of its founders and to take the further steps necessary to act as an effective unit in the competitive world arena, or to renounce such goals and to settle for a looser arrangement on the pattern of an *à la carte* free trade area. After the incon-

clusive European Summit in Athens last December, the European Commission helped to make the ongoing government of the Community possible by calling upon the Community institutions to make the "highest interest of the Community central to the debate." Or, as it was put by France's Foreign Minister, Mr. Claude Cheysson, "There is no future for Europe unless its youth, its peoples, have hope."

While efforts are concentrated among Governments on finding solutions to the immediate questions left unresolved after Athens (the budget, farm spending and new financial resources), the European Parliament, which faces an election this year, voted in February on the most vast and ambitious political act it has so far attempted: a draft Treaty for a "European Union." The text, which was adopted by a large majority, will be passed to the constitutional bodies of

the Member States, thus launching through the constituent democracies the political goal of accomplishing — by long and arduous procedures — a concrete Union of the European peoples. Will this great enterprise succeed in mobilising attention in the European electoral campaign and eventually restore to Europe the impetus towards integration? The project provides a system which, in refining and expanding the existing construction, is aimed at the gradual transformation of a still heavily intergovernmental body into a more united entity. Commenting on this new constitutional text for Europe, the EC Commissioner Frans Andriessen stressed its merit in making innovations while maintaining the existing Community achievements; it was, in his words, "the historical and logical development of the potentialities of the Schuman Declaration of 9 May 1950."

What is the European Community?

Members

The European Community now has ten Member States: Belgium, Denmark, France, the Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands and the United Kingdom. Negotiations for the accession of two more states, Portugal and Spain, are under way. Membership is open to any European democracy.

Treaties

There are three constituent treaties, the European Coal and Steel Community (ECSC) Treaty of 1951, the European Economic Community (EEC) Treaty of 1957, and the 1957 European Atomic Energy Community (Euratom) Treaty, which together form the basis for the Community's activities.

Scope and Aims

The community is more than an international organisation of states and less than a real federation. It is an institution with

its own powers and functions, a framework within which its members have agreed to integrate their economies and to pursue common policies. Since the beginning in the 1950s a great deal of progress has been made. Internally, trade barriers (tariffs and quantitative restrictions) were removed between the Member States so as to encourage trade in manufactured goods between them. Since agriculture presented its own features, notably the existence of a system of national support measures reflecting different climatic and social conditions, a common policy was drawn up. In other sectors such as energy, industry and transport, policies are being developed. In the area of economic and monetary policy, significant advances have been made in recent years: the European Monetary System has been outlined and there is growing use of the European Currency Unit (ECU) for both state and private purposes. There are further horizontal topics where Community actions are of major importance: social and regional policy, environment, education, science and technology, and antitrust activities.

Externally the Community has established an individual identity, reflecting the powers transferred to it by the Member

States. Trade with third countries is a Community responsibility, governed by a common commercial policy. It acts as a single unit within GATT or when dealing with commodity issues, for example, and at many international meetings. Relations with developing countries are increasingly handled on a Community basis. Member States for their part are gradually coordinating their foreign policies under agreed procedures.

Community Institutions

There are four principal bodies: the Commission, the Council, the Parliament and the Court of Justice, which together provide direction and democratic control.

- **The Commission** is responsible for proposing Community policy and acts independently of the ten national governments. It is the guardian of the Treaties and responsible for their implementation.
- **The Council of Ministers** consists of one representative of each Member State, according to the subject under discussion (i.e. agriculture ministers deal with agriculture, transport ministers with transport, and so forth). There are commonly three or four meetings at ministerial level each month. One of the Member States acts as President of the Council on a rotating basis, changing every six months. The ministerial meetings are prepared through expert working groups who report to the Committee of Permanent Representatives.
- **The European Parliament**, which consists of 434 directly elected members, is consulted by the Commission and the Council and acts as the deliberative body, questioning the other two institutions as to the use of their powers.
- **The Court of Justice** ensures that the actions taken are in keeping with the Community legal order. It has supremacy over national courts in matters of Community law.

How the Community Institutions Work

In general outline, the Commission formulates proposals and submits these to the Council; consultations are held with the Parliament and with the Economic and Social

Committee; and the Council, if it agrees, adopts the proposal, which becomes Community law. This can take various forms:

- regulations, which are binding on Member States
- directives, which are also binding but leave it to Member States to decide on the means to be used to attain the objective
- decisions, which are binding on those to whom they are addressed.

These instruments are published in the **Official Journal of the European Communities**, which is issued in seven languages. In 1983 some 3,700 regulations were adopted by the Council under the EEC Treaty, and approximately 700 directives and decisions.

Programme for the Council Presidency – 1st Half of 1984

The French Foreign Minister, Mr. Claude Cheysson,* in his capacity as President of the Council of the European Communities outlined in a speech to the European Parliament on 18 January the programme for the six month French Council Presidency.

Before addressing the work programme itself, Mr. Cheysson set the framework by commenting on the crisis, which he qualified as undeniable, now facing the European Communities. This crisis, said Mr. Cheysson, was not new but it had come to the forefront by the widely acknowledged failure of last December's European Council meeting in Athens. At that meeting the disagreements were not, Mr. Cheysson said, about the need for a European dimension to face up to the present industrial revolution, to try to improve the economic and monetary order, and to define a social area but on "long-standing and well known problems" which have endured despite months and even years of discussions.

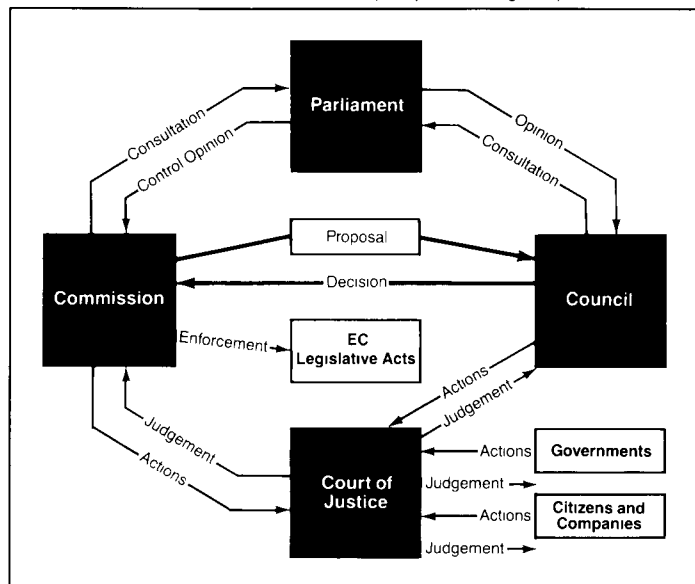
"The Legacy of Athens"

Having painted the backdrop, Mr. Cheysson then presented his view of the major problem areas which had caused the Athens summit to stall. These he dubbed "the legacy of Athens" and include a) reform of the Common Agricultural Policy – which Mr. Cheysson said must be adjusted "to attack the real causes of the surpluses and take account of the social realities, whilst fully respecting the principles of CAP and the provisions of the Treaty"; b) revision of the structural funds; c) budgetary discipline which should be maintained according to Mr. Cheysson, but without undermining the powers conferred on each Community institution by the Treaties; d) new and future policies are not to be deprived of necessary resources; e) own resources – Mr. Cheysson explicitly favoured an increase in current own resources; f) correction of budget imbalances – the Foreign Minister qualified this item as an urgent problem which will require a compromise (within the provisions of the Treaty).

Objectives for the future

Turning to objectives for the future, President Cheysson laid stress on the importance of all EC projects "likely to

How the Institutions of the EC Work. (Simplified Diagram)



strengthen the international competitiveness of European undertakings, thus concentrating on the promotion of research and innovation" and pooling of human and economic resources. Furthermore, Mr. Cheysson urged the creation of a "propitious legal environment" to encourage co-operation between European undertakings.

"The search for a genuine common market requires us... to make great efforts to ensure the greatest possible degree of convergence in the economic and monetary field." To this end Mr. Cheysson advocated the "reinforcement of the cohesion of EC countries to the movements of the dollar and interest rates, increasing the ceiling for Community loans, and development of the role of the private ECU."

International Trade and External Relations

Turning to international trade and external relations, President Cheysson emphasised that "the Community will continue to resist taking the deceptively easy course of protectionism." Moreover that "compliance to GATT is essential for maintaining a free and open trading system."

In speaking of relations with the EC's major trading partners, Mr. Cheysson said "our relations with the United States are not without problems. ... Extremely wide-ranging and difficult negotiations will therefore be needed, and will play a decisive part in the relaunching and enlargement of the Community." He qualified those with Japan as "still dominated by a disturbing imbalance in our trade." The lifting of the last remaining barriers to trade on 1 January 1984 (with some minor exceptions) "marked a new stage in the Community's relations with the EFTA countries," he said.

Mr. Cheysson favoured a rapid reply on the question of accession by Spain and Portugal. "The Community cannot and should not leave them in a state of expectancy and uncertainty any longer."

Negotiations with ACP and the North-South dialogue

The French Foreign Minister stressed the importance of the renegotiations of the (Lomé) Convention with the 64 African, Caribbean and Pacific States, which represents a "priority for the Community" and "in order to respond to the needs of the ACP States and to their latest proposals, it will be our duty not only to preserve what has been achieved but also to seek to improve it, and in particular to increase the effectiveness of financial and technical co-operation, strengthen Stabex, and affirm more clearly the guiding principles, which include the need for food strategies."

On development co-operation, Mr. Cheysson also cited the North-South Dialogue, and added that "since its inception, the Community has played an active and positive part in the various and relevant fora (Conference on International Economic Co-operation, U.N." Mr. Cheysson, in particular, stressed that "The Common Fund has to be effectively established in order to carry through negotiation or renegotiation on specific products."

Political Responsibilities of Europe

Finally, Mr. Cheysson broached the subject of political union and he stated that "the Ten Member States are not yet ready to adopt the same positions in every case. ... Nevertheless, whenever we can, let us act."

President Cheysson concluded that, chiefly because of the European Parliament elections in June, "1984 must be the year of Europe. ... The European Parliament must be

Europe's conscience." Furthermore, Mr. Cheysson expressed the hope that "the coming campaign will offer an opportunity to transcend the narrow horizon of national interest and focus attention on the real problems facing Europe."

*Former EC Commissioner for Development

The Development Policy of the European Community

Edgard Pisani, the Commissioner for Development of the European Community, stated in the 1982 Memorandum issued by the EC Commission on development policy that "development policy is a cornerstone of European integration." In fact, from its inception, the European Community has made an important contribution toward Third World development — a contribution which has gradually acquired global dimensions. EC development policy, in both contractual and autonomous form, has made impressive concessions to the developing world in trade and financial terms.

Contractual actions

Over the years, the Community has established a network of contractual relationships in the form of agreements with various groups of developing countries. The most fully developed of these agreements is the Lomé II Convention. "Lomé" had its origin in the desire expressed by eighteen newly independent African states in 1963 to replace colonial bonds with a negotiated agreement with the Community as a whole. Through successive conventions (Yaoundé I and II, Lomé I and II), the "Lomé system" has emerged as a cooperation framework which includes the following elements: trade cooperation with duty-free entry for industrial products and for most agricultural goods; stabilization of export earnings for various commodities (Stabex and Sysmin); financial and technical cooperation with contributions from the European Development Fund and the European Investment Bank; and industrial and agricultural cooperation. "Lomé II" presently links 64 African, Caribbean and Pacific (ACP) independent countries with the EC; its provisions are likely to be further developed in a new act which will come into force in 1985, for which negotiations are under way.

Autonomous actions

Community development policy also operates autonomously or outside the framework of contractual agreements. The Community gives substantial financial and technical aid to non-associated developing countries mainly in Asia and in Latin America. Food aid is supplied to countries experiencing serious shortages. Emergency aid is available to countries suffering from the effects of natural disasters, etc. The Community continues to cofinance operations in the developing countries with non-governmental organisations (NGO'S). Finally, the EC was the first world industrial power to set up a generalized system of preferences under which all developing countries qualify for preferential access to Community markets for industrial goods.

In trade terms, therefore, the Community is the world leader in the provision of trade preferences for the develop-

ing countries. In financial terms, the Community's development policy mobilizes substantial financial resources; aid from the Community and from its member states represents about half of the West's public aid to the Third World.

In future issues of the newsletter, we will attempt to elucidate the novel forms of international cooperation pioneered by the European Community over the years.

“Lomé III” Negotiations — The State of Play

The negotiations on the third Convention between the EC and the ACP (African, Caribbean and Pacific) countries opened on 6 October 1983. The existing EC-ACP Convention (Lomé II) began in 1981 and expires on 28 February 1985. Besides the existing 64 ACP parties, representatives of Angola and Mozambique are following the current negotiations.

At the opening Ministerial meeting in October, both sides set out their positions in initial statements. This was followed by a series of meetings of the so-called Plenary Group and at expert level to deal with individual dossiers (trade, agriculture, industrial co-operation, mining and energy, etc).

A second Ministerial Conference was held on 9-10 February in order to review progress. Four topics were discussed by the Ministers in Plenary session: interdependence, the concept of a policy dialogue, human rights and respect for human dignity, and the situation in Southern Africa. Two Ministerial Groups examined the sectoral issues:

- a) agriculture, and financial and technical co-operation; and
- b) trade, customs co-operation, industry, mining and energy, and cultural co-operation.

The Co-Chairmen, Mr. Cheysson for the EC and Mr. Shearer (Foreign Minister of Jamaica) for the ACP stated that the Conference had enabled progress to be made in clarifying intentions and respective views. Both parties had confirmed their adherence to the basic principles of their co-operation and there was “widespread convergence” over general objectives (including the priority to be given to rural development, self-sufficiency and security of food supply). Specific aspects needed to be considered further in order to reach agreement.

Work will now proceed in preparation for the next Ministerial Conference, which will be held in Fiji from 2 to 4 May.

Elements of Lomé II

Trade. Free access for 99.5% of all ACP exports to the EC market.

Stabex system provides a guarantee mechanism for export earnings from 44 categories of raw materials exported to the EC. **Sysmin** system is a parallel arrangement for minerals (cobalt, phosphate, manganese, aluminium bauxite, tin, iron ore).

Financial aid under Lomé II (1981-1985): 5,227 million ECU.

News In Brief

EC-US Trade

The European Community has raised tariffs and established quotas on US exports of some chemicals, plastic products and sporting goods. This measure has been taken in retaliation for similar US action against EC speciality steel.

EC-Seychelles and EC-Senegal Fish Agreements

Last month marked a significant step in EC-ACP relations in the fisheries sector with the conclusion of the first fish agreement between the EC and the Seychelles, and the renewal of the EC-Senegal fish agreement. The EC-Seychelles agreement will span 3 years and is the sixth one between EC and ACP States. Both these agreements will provide for EC financial compensation to enable these countries to develop their fishing industries, and, in return EC fleets will be able to fish the waters in the 200 mile zones of these countries.

EC-Andean Pact

The co-operation agreement between the EEC countries and those of the Andean Pact (Colombia, Venezuela, Peru, Bolivia and Equador) entered into force on 1 January 1984. The agreement will span an initial period of five years and promote greater industrial co-operation and diversification of trade as well as encourage European investment.

Emergency Aid to Mauritius, Uganda and Ghana

The Commission decided in January to grant emergency aid totalling 815,000 ECU to three African countries which belong to the Lomé Convention:

Mauritius — will receive 15,000 ECU for basic essentials and medical equipment for some 350 people of Agalega Island whose homes were destroyed by Hurricane Andry.

Uganda — will receive 300,000 ECU to help some 137,000 displaced persons who are currently living in 37 camps in the country. The International Red Cross will be responsible for the purchase and transport of food, blankets, clothes, and kitchen equipment for the camps.

Ghana — will receive 500,000 ECU to help cope with an outbreak of yellow fever. The funds will be used to support a vaccination programme mounted by the WHO for some 2.8 million people.

EC Aid to Combat Hunger in the World

The Commission has allocated 49.45 million ECU to the Community's Action Plan to combat Hunger in the World, which aims to increase food self-sufficiency and protect natural resources in developing countries. Most of the funds will be provided for African countries, particularly those in the Sudan-Sahel area. 5.5 million ECU will be used in regional anti-desertification projects, besides allocations to individual countries. 13 million ECU are provided to support the food strategy plans of Burundi, Mali, Rwanda and Zambia. Bangladesh, the largest single beneficiary, will receive 7 million ECU for food seed production and storage.

Delegation of the Commission of the European Communities to the United Nations

Head of Press and Information Office: Francesco Milner

Deputy Head: Ann Polya-Ramsey

1 Dag Hammarskjöld Plaza, 245 East 47th Street, New York, NY 10017
(212) 371-3804
