



President Thorn's programme speech to the European Parliament

If the European Community did not exploit its potential in the fight against unemployment and industrial decline, it would fail the acid test, said Commission President, Gaston Thorn, in Strasbourg during his annual programme speech to the European Parliament. The political context and the seriousness of the economic situation caused Mr. Thorn to break with tradition in his address. Instead of reviewing developments in 1982 he concentrated on unemployment, the Community's top priority for 1983.

He suggested to Parliament — and the other institutions — that the Community should take full advantage of the European dimension and common disciplines to promote a revival of productive investment. This was the only way to halt unemployment and get industry moving again without fueling inflation.

This strategy had become a necessity, because 270 million Europeans were looking to the Community for more constructive action. They found it hard to understand why the institutions had become so absorbed in budgetary quarrels.

"The battle against unemployment and industrial decline is a battle for the future of our nations and the future of the European idea," said Mr. Thorn.

An acid test

The Community had been particularly hard hit by world recession, he said. "Our performance to date is disappointing, especially when compared with that of the United States or Japan. Europe's economic growth is lower and the Community seems incapable of creating new jobs. Only in Europe is unemployment rising for the eleventh year running."

"The pattern of the Community's external trade in manufactured goods shows just how far Europe is lagging behind the Americans and the Japanese in some of tomorrow's industries."

There was no simple explanation for the Community's economic plight. "But there is every reason to believe that we are not taking full advantage of the scope offered by the European dimension and Community solidarity, despite the fact that this is one of the keys to success. The Community can still hope to succeed where individual Member States are bound to fail. The Community provides the scale, the coherence and the security which are essential for the revival of investment."

Mr. Thorn went on to say that the battle against unemployment and industrial decline would be the acid test of the Ten's ability to exploit and develop the Community which was their creation.

Five priority areas

The economic and social environment would have to be made more conducive to investment. In this context there was a need for greater convergence between national economic strategies. "I am pleased to see that the possibility of more active support for economic activity, albeit in different forms in different countries, is gradually becoming a central theme of the economic debate," said Mr. Thorn.

More vocational training and more aids to employment, particularly youth employment, were needed. Unemployment was not only a waste of economic resources; it was a social problem. How could we come to terms with a society which denied people, especially young people, the dignity of earning their living, asked Mr. Thorn.

A better economic and social environment presupposed a shift in public spending towards productive investment, and greater monetary stability. Monetary stability could be achieved by consolidating the European Monetary System (EMS), securing full participation by sterling in the system, and integrating Europe's capital markets.



E.C. Commission's President, Gaston Thorn, addressing the European Parliament.

Completion of the internal market

A fully unified internal market would be a decisive factor in rebuilding Europe's industrial strength. Because national barriers persisted many firms preferred to cooperate with non-Community groups, despite the fact that they were relegated to a subordinate role, Mr. Thorn said. If the vicious circle was to be broken, businessmen needed to be convinced that completion of the internal market was imminent. This would herald a new phase of co-operation between European firms and the emergence of viable European groupings.

Rebuilding Europe's industrial strength

Europe's industrial strength could be rebuilt if the internal market were backed by a Community-wide industrial strategy. This would involve:

- breaking new ground and developing strong points (the motor industry...)
- reorganizing basic industries (steel industry, textile industry...)
- securing energy independence.

Social fund and regional fund

Mr. Thorn called for an overhaul of the Community's financial instruments and close coordination between Community and national spending programmes, so that programmes and objectives which fitted into a Community approach could get priority support.

The Commission would double real expenditure on innovation, research and development in the next five years. It would also double real expenditure from the social and regional funds over the same period. EAGGF-financed programmes for Mediterranean regions would receive a similar boost and the Commission would devise a Community development programme for transport infrastructure. Expenditure in the energy sector would concentrate on the rational use of energy, demonstration projects and investment in coal.

He continued: "The Commission considers that these resources are essential to the priority objective it is

proposing. It will therefore refuse to engage in this action if it is not supplied with sufficient funds. It will not even pretend to have a policy if it is not given the money to pay for it. In this situation, the Commission would prefer to withdraw its proposals and lay the blame fairly and squarely at the door of those responsible."

The Community should not confine itself to trade issues. It should make itself felt on the international financial and monetary scene, where it could work to restore monetary stability and a secure climate, avert the serious mishaps (or worse) which could be provoked by foreign bank debt, and prevent the recession biting deeper in developing countries.

Removing the budgetary and institutional constraints

Before the Community could play its full role it would have to rid itself of two constraints. It needed the funds to put its policies into action and it needed to improve its decision-making machinery.

The current limit on own resources was tying the Community's hands, said Mr. Thorn. "I can think of no instance from the past of an institution being encouraged to develop and yet arbitrarily deprived of the means to act."

Even if the Community could achieve savings thanks to tighter management of existing policies new 'own resources' would be essential "to bring Community intervention to the critical level at which it will have a real impact and provide the stimulus and guidance we expect of it."

The Commission had put forward a number of ideas for new own resources in a paper designed to stimulate public debate. It would adopt its formal proposals, in the light of the Parliament's reactions, before the end of June.

It was only by acting on two fronts — resources and expenditure — that the Community could hope to solve the problem of budget imbalance. Mr. Thorn then urged the Community to speed up decision-making.

It was time to shelve the "Luxembourg compromise." It had proved to be a growing obstacle to progress in the Community of Ten and would completely paralyze a Community of Twelve.

June deadline

Summing up, Mr. Thorn said: "What I have proposed does not lack ambition. Its implementation would constitute a qualitative advance within the Community and augur well for successful completion of the final stages of European integration."

He saw June as the deadline for decisions launching a Community programme to fight unemployment and industrial decline.

"The Community needs a clear signal," he said, and continued: "The European Council in June can take note of our successes and perhaps deal with some obstacles. But, more importantly, it can give the political impetus that will ensure rapid development of new policies, set budgetary discussions in a new context, and help to overcome institutional diffidence."

EC: Future Financing

The Commission has now presented to the budgetary authority a series of options, the green paper, which sets out several possibilities for the future financing of the Community.

The current own resources system, consisting of agricultural and sugar levies, customs duties and an element of value added tax (VAT) of

up to 1% of a uniform base, has served the Community well for 12 years. But the time has now come to consider its further development. The green paper is designed to be a discussion document outlining the Commission's reflections on a number of options which seem suitable for further study. It does not, deliberately, contain specific proposals. The Commission will make proposals in the spring of 1983 in the light of further internal consideration of the issues involved and of the reactions of the Council and of the Parliament. The proposals the Commission will eventually make for the future financing of the Community will be designed inter alia to:

- provide the Community with the resources and the financial flexibility to respond to the increasing budgetary demands of its policies;
- develop the finances of the Community in such a way as to stimulate the further development of these and new policies.

EEC and the Law of the Sea

Last December the European Communities, together with the Ten EC Member States, signed the Final Act of the Third United Nations Conference on the Law of the Sea. The Conference will accordingly participate in the work of the Preparatory Commission, which will hold its initial seminar in Jamaica starting 15 March.

The EC Commissioner responsible for the Law of the Sea, Mr. Karl Hans Narjes, recently addressed a seminar held in Brussels on "The New Law of the Sea and the Environment in the European Context." The following is an excerpt from his speech:

I. General Political Assessment of the New Law of the Sea

As you know, the Convention, the related Final Act of which was signed by 119 delegations in Jamaica on 10

December 1982, is the result of nine years of negotiation, a period quite consistent with the political, economic and legal dimensions of the problem.

This Convention is in fact a quite unprecedented attempt to replace the principle of the freedom of the seas formulated by Hugo Grotius by a less liberal legal order and one which — by no means a minor consideration — applies to two thirds of the earth's surface.

The Community obtained the inclusion of a participation clause in the Convention and was — although only an "international organisation" in the inadequate terminology of the UN — because of the powers vested in it in some of the areas covered by the Convention, explicitly and rightly allowed to be a signatory of the Final Act of the Conference itself.

In October 1982, the Commission recommended that the Member States of the Community agree to have both the Final Act of the Conference and the Convention itself signed by the Community, jointly with the Member States. This signature was to have been accompanied by a political declaration defining the scope of accession to the Convention.

In fact, although on the whole the results of the Convention are positive, particularly as regards protection of the marine environment, fisheries, and the recognition of the special legal status of the 200-mile exclusive economic zone, the same cannot be said for the International Seabed Authority Zone and the rules governing its exploitation, which sets a very disturbing precedent for an interventionist and unworkable approach to the world economy. In this aspect, results do not correspond with the Community's objectives. Although it was possible in the spring of 1982 to obtain some amendments regarding mineral resource policy and the operational procedures of the Conference revising the Convention (although still on the basis of a three quarters majority rather than unanimity), it was — to mention some of the obstacles — not possible to amend the provisions of the compul-

sory transfer of technology, the financial clauses in contracts and the voting procedures in the Council. Several Member States are accordingly concerned as to whether it will be possible to exploit the seabed rationally under this new system. This uncertainty may even in the long run affect supplies of the Community's raw materials and other consumer interests.

These objections to the new system for exploiting the seabed should nevertheless — on the other hand — be viewed in the context of the Convention as a whole when deciding whether or not the Community should sign the Convention.

All the Member States of the Community signed the Final Act in Jamaica.

So far five Member States have signed the Convention: Denmark, France, Greece, Ireland and the Netherlands. The other Member States (Belgium, Federal Republic of Germany, Italy and the United Kingdom) have abstained. Consequently the Community has signed the Final Act but not the Convention.

Signature of the Convention does not constitute ratification. A final judgment on the Convention cannot be made until the Preparatory Commission has adopted the implementing provisions on the exploitation of seabed resources; to do this it must make clarifications and find solutions to many questions, particularly those outlined above.

The European Commission's main concern now is to make Part XI acceptable to all Member States and by doing so to convince the Council of the capital political importance of this matter for the future international relations in many fields of politics, economics and — hence — security.

The Community has to work hard in order to reach a consensus in the face of such a challenge. Not only the next few weeks, but the next 24 months must therefore be spent in seeking to find such a consensus, to ensure that all Member States accept the Community's discipline when it comes to the certification of the Convention in two years.

The Convention has not been signed either by other major powers such as the United States and Japan,* mainly because of their dissatisfaction too with Part XI. One of the objectives of the Conference was to draw up a Convention which would be universally acceptable and accepted and would provide a universally applicable legal order for the seas.

II. Protection and Preservation of the Marine Environment

I would like to move on to some of the Convention's provisions on the environment which, in the Commission's view represent a major contribution to international law on the environment.

Part XII with its 46 Articles is one of the especially positive achievements of the Conference, as is Annex VIII on arbitration — although this is optional — in the event of differences relating to the application of the Convention in the protection of the marine environment, fishing and pollution caused by shipping and by dumping at sea.

Cutting through the multitude of provisions, attention should first be concentrated on the underlying general rules or guiding principles. We in the Community should welcome the principles as they embody the ideas and initiatives forming the basis of the Community's environmental action programmes, its activities with regard to internal rules (Directives on the environment) and international cooperation on regional seas and, more specifically, the protection of fauna, flora and habitats.

III. Conclusion

Mr. Chairman, Ladies and Gentlemen, I have attempted to give you a summary, where the environment is concerned, of the reasons that we have to be satisfied with the outcome of the Conference.

However, the Convention on the Law of the Sea is a whole. This became clear in the course of the negotiations: the problems of ocean space are closely interrelated and need to be considered as a whole and in the context of the situation prevailing now and in the future which is and will be quite different from the situation in the 1970s and the dreams of that era.

Although the environment section and the section concerning fishing may seem to us to be satisfactory, the fact remains that the Community has serious objections to the regime adopted for the economic exploitation of the international seabed (Part XI). The rules in question should not be interpreted, developed, and compared with the facts of life of the 1980s, the 1990s or even of the year 2000. The role of the International Seabed Authority also needs to be adapted and adjusted in the light of the new situation.

I do hope that the Preparatory Commission will achieve such procedural interpretations of Part XI making the new law of the sea workable. Perhaps then the time will have come to exploit together and in compliance with environmental constraints the mines that Neptune, the God of the Sea, concealed for so long from mankind.

EC/Andean Pact

Negotiations to conclude a framework agreement for cooperation between the European Communities and the five countries which form the Andean pact (Ecuador, Peru, Venezuela, Bolivia and Columbia), interrupted twice since they started in June 1980, are due to start up again this March.

An EC delegation leaves for Peru on March 15 where they will officially meet with representatives of the five Pact members; their initial task will be to set up the agenda for relaunching the negotiations.

The general aims of the agreement will be to promote trade coop-

* Since the speech was made, Japan has signed the Convention, but indicated that it continues to be dissatisfied with the provisions of Part XI

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eration — especially in agri-business, and cooperation on transfer of technology and regional development.

**UN Special Committee
against Apartheid —
Delegation of Women
Leaders visit the EC
Commission.**

This delegation, which was led by Mrs. J.M. Cisse, the Guinean Social Affairs Minister, was received by EC President Thorn and EC Commissioner Pisani on 31 January. There

was a wide-ranging exchange of views on the situation in Southern Africa, and the consequences for women and children in particular. Mr. Thorn and Mr. Pisani reaffirmed the positions on a number of occasions adopted by the various European Community authorities on the serious problems which this region of the world has to face, such as Namibia, and apartheid.

The delegation informed the European Commission of a number of training, social aid and other projects which it wishes to promote in favour of refugee women and children in several countries of Southern Africa.

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