

INFORMATION

GENERAL

THE COMMUNITY IN 1975

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The year 1975 was a difficult one for the Community. In 12 months the number of unemployed increased from 3.5 to 5 million. The Nine's real gross domestic product fell by 2.5 %. Despite the economic crisis, the gravest since the war, the Community sought to resist protectionist pressures, encouraging member states to act together to overcome the depression.

A major event during the year was the referendum whereby the United Kingdom confirmed its membership of the Community. The introduction of regular European Council meetings was also an important feature.

This summary, completed on 4 December, outlines some other Community developments in 1975.

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THE COMMUNITY AND THE WORLD

Political cooperation: At international gatherings the Nine increasingly spoke with one voice and took joint positions.

The Final Act of the Conference on Security and Cooperation in Europe was signed by the Italian Prime Minister, who also acted in his capacity as President of the European Council.

In the United Nations, the Nine manifested a "European identity" both at the 7th Special Session of the General Assembly and at its 30th Session.

A single European delegation conducted the Euro-Arab Dialogue as a joint Community and political cooperation exercise.

The Nine consulted among themselves on the maintenance of peace in the Mediterranean, particularly on Cyprus — the Community has association agreements with the three countries concerned — and in the Middle East.

They concerted their policy on the situation in Spain.

Developments in Portugal, and the gaining of independence by the Portuguese colonies, occupied an important place in the Nine's discussions.

Diplomatic relations: In 1975, Nepal, Lesotho and Bolivia opened missions to all three European Communities (EEC, ECSC, and Euratom) and the People's Republic of China opened a mission to the EEC.

The mission of the Republic of Vietnam to the EEC ceased operation on 1 May 1975. At the end of the year, 103 states had a mission to the European Communities.

Portugal: The European Council reaffirmed that the Community was prepared to start discussions on closer economic and financial cooperation with Portugal. The European Council offered Portugal an assistance and cooperation plan.

Spain: After being broken off since November 1974, the free-trade negotiations with Spain should have been resumed around end-October. The events of September made this impossible.

Greece: On 12 June, Greece applied for full membership of the European Communities. The Commission is preparing the opinion requested by the Council on 24 June.

Israel: A new agreement between the European Economic Community and Israel, signed in Brussels on 11 May, entered into force on 1 July. This Agreement constitutes the first real step in carrying out the overall Mediterranean policy decided on by the Community in 1972.

Egypt, Lebanon, Syria and Jordan: The Commission recommended the prompt opening of negotiations with Egypt, Lebanon, Syria and Jordan, under the overall Mediterranean policy and in response to requests made by those countries.

African, Caribbean and Pacific countries: The ACP-EEC Convention was signed in Lomé on 28 February 1975, and the Contracting Parties intend that it should pave the way for a new type of relations between industrialized and developing countries.

Sri Lanka: Sri Lanka signed a Commercial Cooperation Agreement with the Community.

Mexico: An Agreement was signed on 15 July and entered into force on 1 November.

Eastern European Countries: A Commission delegation had initial talks in Moscow with a delegation from the Secretariat of the Council for Mutual Economic Assistance (COMECON).

China: The People's Republic of China established official relations with the Community on 15 September.

Canada: The Council discussed a recommendation from the Commission that negotiations for a framework agreement on economic and commercial cooperation be started. This would be the first such agreement with a highly industrialized country and would mark a significant development in the Community's external relations.

Development aid: The scheme of generalized tariff preferences agreed for 1976 represents a modest but significant improvement for the poorest countries.

The Community concentrated its food aid on the countries hardest hit by the food crisis, in particular the Indian subcontinent and certain African drought-stricken countries.

For the non-associated developing countries, the Council approved a substantial increase in the appropriations for trade promotion (an additional 3.5 million u.a.)

Following up its undertaking to provide US\$ 500 million for the Emergency Operation to help the developing countries "Most Seriously Affected" (MSA) by the general increase in world prices, the Community made available a second instalment of US\$ 100 million in April 1975 (the first instalment of \$ 150 million was handed over in 1974). To this should be added the contributions provided by certain member states — totalling \$ 408 million — and exceptional food aid from the Community amounting to \$ 52 million. In all, therefore, the Community has made available to the "MSA" countries a total of \$ 710 million — one fifth of the \$ 3 400 million provided by all donors, instead of the sixth originally promised.

THE INSTITUTIONS

Financing of the Communities' activities: Since 1 January 1975 the Community budget has, in principle, been financed entirely from the Communities' own resources. These resources are made up of agricultural levies, sugar contributions, customs duties and part of the proceeds of value-added tax. As there is no uniform basis for assessing value-added tax, that part of the Community budget which should be covered by this category of revenue was financed by contributions from the member states assessed on the basis of their economic wealth.

European Parliament: At the European Council meeting in Rome it was agreed that direct elections to the European Parliament should take place on a single date in May-June 1978. Any state which could not hold direct elections on that date would be able to designate its representatives from among its own members of parliament.

FINANCIAL AND ECONOMIC INTEGRATION

The French franc reverted to the Community exchange rate system and a new European Unit of Account, based on a composite "basket" of the nine Community currencies, was launched.

European patent: At a conference held in Luxembourg from 17 November to 15 December, the draft Community Patent Convention was signed on behalf of all the member states. This closes the penultimate stage of the work begun by the Commission shortly after the entry into force of the EEC Treaty. The final stage will be ratification of the Convention by the member states.

Pharmaceutical products: In adopting two directives relating to proprietary medicinal products the Council took a major step towards

freeing the movement of goods in an important sector where there had been no previous liberalization. The decision to set up a Pharmaceutical Committee should consolidate guarantees for public health throughout the Community.

Free movement of persons: The European Council meeting in Rome decided to introduce a uniform passport by 1978.

Company structure and worker participation: The Commission adopted a green paper on the decision-making structure of companies and employee participation. It outlines current legislation, practice and trends in the member states and restates general objectives with a view to the alignment of national legislation in these fields.

The Commission also adopted the amended proposal for a Council regulation on the Statute for European Companies.

Community loans: The Council adopted two regulations authorizing the floating of Community loans to finance member states' balance-of-payments deficits.

European Export Bank: The Commission proposed the establishment of a European Export Bank to assist in the financing of export projects involving firms from more than one member states.

AGRICULTURAL POLICY

At the Council's request, the Commission carried out a detailed study of the common agricultural policy and analysed the effectiveness of the instruments of the CAP in carrying out its objectives. Some improvements were proposed to the Council.

The directive on hill farming and farming in certain less-favoured areas was adopted, thereby completing the structural aspect of the common agricultural policy at the production level.

REGIONAL POLICY

A major step was taken on 18 March towards the Community's objective of more harmonious regional development when legislation was enacted in the form of a regulation establishing the European Regional Development Fund and a decision setting up a Regional Policy Committee.

On 16 October the Commission adopted a first batch of decisions granting aid from the Fund to 655 investment projects.

SOCIAL POLICY

Equal treatment: The Commission adopted a communication and a proposal for a Council directive to give effect to the principle of equal treatment for men and women as regards access to employment, vocational training and career advancement, and as regards terms of employment.

In two rulings, the Court of Justice held that:

- * Member states must not expel workers from other member states in order to dissuade other foreigners;
- * Reduced-rate cards issued to large families for travel on public transport constitute a social advantage for the purpose of the regulation on freedom of movement for workers.

Vocational training: The Council adopted a regulation setting up the European Vocational Training Centre.

Working conditions: The Council adopted a directive on equal pay for men and women.

The Commission sent the Council final proposals for:

- * A directive on the retention of rights and privileges by workers in the event of mergers, transfers and amalgamations of undertakings;

- * A regulation concerning legal conflicts in industrial relations in the Community.

The Council adopted a recommendation to the member states concerning the introduction from 31 December 1978 of the 40-hour week and four weeks' annual paid holiday.

Protection of consumer interests: The Council adopted a Resolution approving the principle of a consumer protection and information policy. Thus the member states formally recognized, and added to other Community policies, a blueprint for the fulfilment of consumers' aspirations.

The programme sums up the five basic rights of consumers as follows: the right to protection of health and safety; the right to protection of economic interests; the right of redress; the right to information and education; and the right of representation (the right to be heard). The plan's first phase covers the principles by which these rights will be given expression, the aims of Community policy towards consumers, and priorities for action; it is hoped to complete the first stage in four years.

Education: The year 1975 was marked by the first concrete achievement in respect of the right of establishment for the professions and mutual recognition of academic qualifications within the Community. The Council adopted two directives: one provides for the mutual recognition of medical degrees and making it easier for doctors to exercise the right of establishment; the other coordinates laws and regulations on doctors' activities.

PROTECTION OF THE ENVIRONMENT

The Council adopted two directives, one on the disposal of waste oils and another on the quality required of surface water for the abstraction of drinking water to be used in the member states.

The Council also adopted:

- a Decision establishing a common procedure for the preparation and constant updating of a European inventory of sources of information on the environment;
- a Directive on pollution of sea water and fresh water for bathing (quality objectives);
- a Directive on the approximation of the laws of the member states on the sulphur content of certain liquid fuels;
- a Decision on Community participation in negotiations for an outline Convention for the protection of the Mediterranean against marine pollution from land-based sources.

ENERGY

Commission policy pursued two aims:

- Implementation of an energy policy within the Community in accordance with the common targets adopted by the Council in December 1974, and development of Community resources to reduce dependence on imported energy;
- A completely open external policy which seeks to avoid confrontation, whereby the Community can speak with its own voice.

In December the Heads of Government agreed on:

- * The protection of existing Community energy resources and steps to ensure that alternative forms of energy were developed under reasonable economic conditions;
- * Emergency oil sharing arrangements.

TRANSPORT

The Commission sent the Council a set of eight proposals on the operation of the goods transport markets. These proposals are the first step towards a greater liberalization of goods

transport operations.

Other Commission proposals concerned social conditions in inland waterway and road transport operations, the technical inspection of inland waterway vessels and a Community driving licence.

INDUSTRY AND TECHNOLOGIE

Steel: The position of the industry in the Community seriously deteriorated during the year. The Commission took measures to guide firms in adjusting production to demand.

Aircraft industry: The Commission submitted a programme for an overall European policy, including civil and military construction and air transport.

RESEARCH

The Commission presented to the Council two comprehensive Communications — one on the objectives, priorities and methods for a common R&D policy, the other on the overall concept for the next multiannual programme (1977-80) of the Joint Research Centre (JCR).

Within the framework of COST (European Cooperation on Scientific and Technical Research), which embraces 19 European countries, including the nine of the Community, the Convention establishing the European Medium-Range Weather Forecast Centre entered into force in November.