

THIRTY YEARS AGO EUROPE WAS BORN (II)

- In the preceding number, we recalled the circumstances in which Robert Schuman gave birth to the European Communities in his historic speech of May 9, 1950. This week we sketch out the panorama of subsequent Community achievements in economic, energy, agricultural, regional and external fields. Given our space limitations, this is an overview rather than an exhaustive account.

At the dawn of the 1980s, Europeans not only must measure the distance they have travelled but also the numerous problems ahead. Can we control unemployment and inflation, cover our energy needs, convert our industries, reduce inequalities, safeguard the environment, promote regional identities, assist Third World development and preserve peace ?

The European Communities work towards meeting these challenges. More than ever, the nine Member States need to be united and to possess dynamic common institutions which are supported by the will of 260 million citizens.

S U M M A R Y

- p. 2 : The Community's economic take-off
- p. 3 : The common agricultural policy
- p. 4 : The Community and the energy problem
- p. 5 : Community aid to less-developed regions
- p. 6 : A European social policy
- p. 7 : Europe and the Third World
- p. 8 : The Nine in the world

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THE COMMUNITY'S ECONOMIC TAKE-OFF

Since its creation, the European Community has experienced an impressive economic development. Even if today it is being severely tested by the world economic crisis, it nevertheless has a number of economic achievements to its credit which create hope for the future.

Industrial production in the six original countries has more than doubled since the creation of the Common Market. In pooling their resources and lifting trade barriers between them, the Member States multiplied their economic potential and stimulated the rapid growth of their economies. The most tangible result was perhaps the growth in trade between the Community countries, which has increased tenfold in 20 years. In addition, the European Commission has been attempting since 1969 to harmonize production and consumer standards in the various member countries to eliminate technical barriers that still limit trade.

From 1958 to 1975, the gross national product of the Community countries increased at a rate of 4.2 % a year. France had the highest overall rate (5 %) followed by the Netherlands, Italy, Belgium and Germany. This sustained growth was accompanied by a narrowing of the differences in the levels of gross national products per inhabitant. The industrial share of the Community production increased, with the most dynamic sector being either the peak technology activities such as chemicals and electronics or those which benefitted from the rising standard of living, such as automobiles or electrical appliances.

Trade with other countries has doubled since 1958 and the Community's foreign trade is greater than that of the United States, the Soviet Union or Japan.

These results were achieved largely because of the four fundamental freedoms of the Common Market, the freedom of circulation for goods, persons, services and capital. The completion of the full economic and monetary union will fulfil this ambition.

Europe's economic future depends largely on its ability to convert its industries to high-technology sectors such as computer electronics or telecommunications that are expected to experience a steady growth. This is why the Community is currently devoting considerable efforts in this area of research.

COMMON AGRICULTURAL POLICY

The central objective of the agricultural policy is the guaranteed supply of agricultural produce to the Community. The European Communities have created the necessary conditions for this supply within the framework of the Common Agricultural Policy.

However, European agriculture is changing : in 1958 the nine countries which now make up the Community , had 19 million people employed in agriculture. In 1975 they numbered no more than 8.5 million, or 8.4 % of the working population. An ageing of agricultural manpower in the Community is also evident. Whereas in 1974 only 19 % of the entire working population was over 55, this percentage reached 25 % in the agricultural sector.

The structure of agriculture in the Community also evolved between 1960 and 1975, when the number of farms decreased on average by 2.3 % per annum. In 1975, there were some 5.2 million farms in the Community, of which only 3 million were primarily involved in farming.

The average size of farms varies enormously. In 1976, the United Kingdom came first with 64 hectares and Italy last with 7.5 hectares. The size of farms in the Federal Republic of Germany and Belgium is lower than the Community average (17 hectares), and in Ireland, Denmark and France it is higher.

The Treaty of Rome reserved an important place for the definition of a policy which since 1962 has been the only truly common policy of the Six, and then the nine Member States of the European Community. It assigns 5 general objectives to the Common Agricultural Policy : to increase agricultural productivity; to ensure a good standard of living for the agricultural community; to stabilise the markets; to guarantee supply; to assure reasonable prices for consumers.

The Common Agricultural Policy operates on three component principles : markets and prices, external relations and structures. The unity of the market between Member States permits the free circulation of products. The policy also protects the single market against low-priced imports as well as world price fluctuations.

Financial solidarity is also expressed in the European Farm Fund. This instrument assures the financing of the Common Agricultural Policy. It has two sections : guarantee and guidance. The 'guarantee' section finances the intervention expenditure intended to regulate agricultural markets in the Community and export rebates on sales to the outside world, which allow the flow of European agricultural products on to the world market.

The 'guidance' section financially helps the improvement of agricultural structures.

THE EUROPEAN COMMUNITY AND THE ENERGY PROBLEM

As a result of the decline in coal production and the constant growth in energy consumption, the European Community is today largely dependent on external supplies of (mainly petroleum) energy. Since 1973, the world energy markets have been subjected to major disruptions. This energy crisis was in fact present in embryonic form in the evolution of the oil markets in the preceding decades. But it has become an ever-increasing burden in Europe's trade balance and has undermined its economic development as well as the standard of living.

The Community's energy policy was outlined as early as 1962 in a memorandum aimed at establishing the free circulation of energy products in the Common Market. The report also contained detailed proposals concerning the diversification of outside supplies, support of internal coal and nuclear energy, stockpiling and taxation and import systems.

Since then, European Community efforts have multiplied. Following the developments of late 1973, the European Commission forwarded a communication to the Council of Ministers entitled "Towards a New Community Energy Policy". On December 17, 1974, the Council set objectives for the Community's energy supplies for 1985. The goal was to reduce the dependence on imported energy by about 50 %. Unfortunately, it now appears that this goal will not be attained.

In fact, declining prospects for natural gas and slowed development of nuclear energy will not permit a significant reduction in the Community's outside energy dependence in such a short span of time.

The major options of the Community energy policy involve a rationalization of consumption, increasing recourse to coal, development of nuclear energy while resolving the associated security problems, the setting up of a research programme and the promotion of new energy sources. As an example, the nine Community countries spend about 100 million dollars a year on solar energy. Finally, the European Community wants to establish stable and mutually profitable economic and financial relations between the petroleum exporting and importing countries.

COMMUNITY AID TO LESS-DEVELOPED REGIONS

Why is a Community regional aid policy necessary when every member of the European Community has its own backed up by a series of financial aids, loans, tax benefits or other programmes to attract foreign investors to their less-developed areas ?

On the European scale the differences between rich and poor regions are even larger than at the national level. That's why there is a role for the European Community to play to supplement the actions of the national and regional authorities in bridging the gaps, delays and imbalances in development between the different regions. This is in the interest not only of the poorer regions but also in the interest of the more prosperous regions as well.

In Europe, the three countries with the gravest regional problems are also those in the grips of more serious general economic difficulties. This is probably not just a coincidence. In fact, the existence of more acute regional economic problems tends to be a brake on general economic development. On the other hand, the weakness of the national economy limits the possibilities of remedying these regional problems. This is a typical vicious economic circle.

The major instrument for regional development in the Community is the European Regional Development Fund, which dispenses the funds made available for this purpose by the European Council of Ministers. Other older funds also support this effort by devoting a sizeable amount of their resources to financing projects of interest to less-prosperous regions. This is the case for the Coal and Steel Community loans, the European Investment Bank loans and the aid of the Social and Agricultural Funds.

Created in March 1975, the Regional Fund was given £ 541 million for its first three years, but as a result of pressure by the European Parliament its resources were considerably increased in 1978 and 1979.

It is difficult to see how the European Community can really progress toward a union of European peoples if the gaps between levels of regional prosperity cannot be narrowed. In fact, as long as these disparities remain, the nine Community Governments will have difficulties in coordinating their economic policies and pursuing European integration.

A EUROPEAN SOCIAL POLICY

If the European Community at the start had only an industrial and commercial dimension, it quickly felt the need to harmonise certain national legislation affecting social, consumer and environmental problems.

This type of action assumed a force of its own beginning in 1972 when the Community summit meeting in Paris declared that 'economic expansion is not an end in itself... It should result in an improvement in the quality of life as well as in the standard of living'. The summit charged the EEC Commission with producing both social, consumer and environmental action programmes, adopted by the Council, these have been translated into concrete follow-up measures since then.

The main thrust of the social programme and fund was to relieve the problems for several categories of disadvantaged citizens in all the Community countries such as the unemployed, the handicapped, the young, women, migrant workers and their children. The Social Fund helps finance vocational training, assistance for the unemployed, educational programmes and other measures such as services or equipment for the handicapped.

A related effort has involved new EEC laws to end discrimination between men and women in pay and general employment conditions. But just passing laws is not enough and since then the European Commission has started legal proceedings in the European Court of Justice against several member states for failure to comply with these laws.

Numerous laws have also been enacted, frequently in the face of strong business and industrial opposition, to protect the European consumer and environment. In the consumer field, these aimed at improvement of the quality and safety of a wide range of products. A new action programme is now being studied that would extend this protection to new areas such as prices, public services and the legal recourse for consumers.

The Community has also acted to protect the environment. At first, the accent was on the clean-up and protection of Community waters. Since then, air pollution and toxic substances have been attacked. Recent industrial accidents such as the contamination in Seveso, Italy, and the Amoco Cadiz oil spill have increased attention in this field.

EUROPE AND THE DEVELOPING WORLD

When the first six countries signed the Treaty of Rome in 1957, France, Belgium and the Netherlands still held considerable colonial possessions (particularly France in Africa). As a result, part of the Treaty dealt with Community aid to countries which were dependent. After independence, 18 African countries chose to remain associated with the Community.

In July 1963 the Yaoundé Convention was signed setting up a free trade zone between these 18 and the Community. It also covered financial aid and institutional matters.

After the entry of the U.K., Denmark and Ireland into the Common Market in 1973, several British Commonwealth countries in Africa, the Caribbean and the Pacific (ACP) decided to join the countries already associated by negotiating a cooperation agreement with the Nine. Now 59 developing countries have concluded the new Lomé II Convention with the Community covering a 5 year period (1980-1985) to date from 1st March 1980. This new convention follows on from Lomé I which was signed in Lomé, capital of Togo, in February 1975.

The originality of the cooperation between the Community and the ACP countries is based on 4 principal elements :

- the durability of cooperative relations, based on a legal system and a freely negotiated contract between equal partners : the Community on one side and the 59 ACP countries on the other;
- the creation between these two regional groups of a unique contract which excludes all manipulation or economic or ideological discrimination;
- the existence of common institutions permitting a constant and constantly improving dialogue. A consultative assembly brings together members from the European Parliament and representatives from the ACP countries. The ACP-EEC Council of Ministers - the higher body - meets once per year and is assisted in its duties by a Committee of Ambassadors;
- the wide and coherent range of areas covered by the cooperation : for the first time, a group of industrialised countries has developed an integrated policy towards a group of Third World countries. Financial aid, industrial cooperation, stabilization of export earnings, preferential trade agreements - all problem areas of underdevelopment have been considered. For example, financing the construction of a processing plant for agricultural produce can only be effective if agricultural production is improved and if the produce can be traded in the countries concerned and in the European markets.

Good relations with the developing world are of vital importance to the EEC for as a primarily industrial trading block the Common Market is largely dependent on the Third World for its raw material supplies.

THE EXTERNAL RELATIONS OF THE EEC (other than with developing countries)

The European Communities' external relations show how the appearance of those new entities called 'Communities' on the international stage gave rise to a dynamic process vis a vis the outside world that has yet to reach a conclusion. The movement began with the setting up in 1952 of the first of the three Communities - the Coal and Steel Community - which soon found itself having to feel its way in the complex field of international relations. This process gathered momentum with the founding, in 1958, of the European Economic Community and of Euratom, and now extends to all areas of the world, including China and the 'Comecon' countries.

Even before the Treaty of Rome was ratified the six Member States had to prepare to negotiate within the framework of the General Agreement on Tariffs and Trade (GATT) in order to comply with the provisions about the creation of customs unions. The EEC took an active role in the 'Kennedy Round' of trade negotiations (1963-1967) and later the 'Tokyo Round' (completed in 1979) and it also quickly became involved in the work of UNCTAD (United Nations Conference on Trade and Development).

The EEC soon entered into an impressive series of individual and collective agreements with third countries. 'Association Treaties' were concluded with Greece in 1961 and Turkey in 1963. Agreements now exist with all countries bordering the Mediterranean with the exception of Libya and Albania. India, Pakistan, Sri Lanka and Bangladesh, together with Argentina, Uruguay, Brazil, Mexico, ASEAN, Yugoslavia have entered into agreements with the Common Market. There has also been a recent trade agreement between the EEC and Canada. This is the only case so far of a bilateral contractual relationship between the Common Market and an industrialised nation outside Europe. Regular institutionalised consultations are held with the United States and Japan.

The EEC's external activities are in no way limited to the field of trade or trade policy. 'External activity' can take three forms: 'autonomous legislation', to set rules for relations with the outside world, 'negotiation', to arrive at agreements with third parties and 'dialogue', to gain a better understanding of other parties in order to better determine the EEC's attitude to world problems.

Relating to the last concept, the Community now has diplomatic delegations in various capitals in the industrialised as well as the developing world and at U.N. headquarters (where the Community obtained official observer status in 1975). One of the most important new diplomatic relationships to be established recently by the EEC was that with the People's Republic of China with whom a trade agreement was concluded in early 1978. Now over 100 diplomatic missions are accredited to the Community in Brussels. Thus, the European Commission is in constant touch with most areas of the world.