

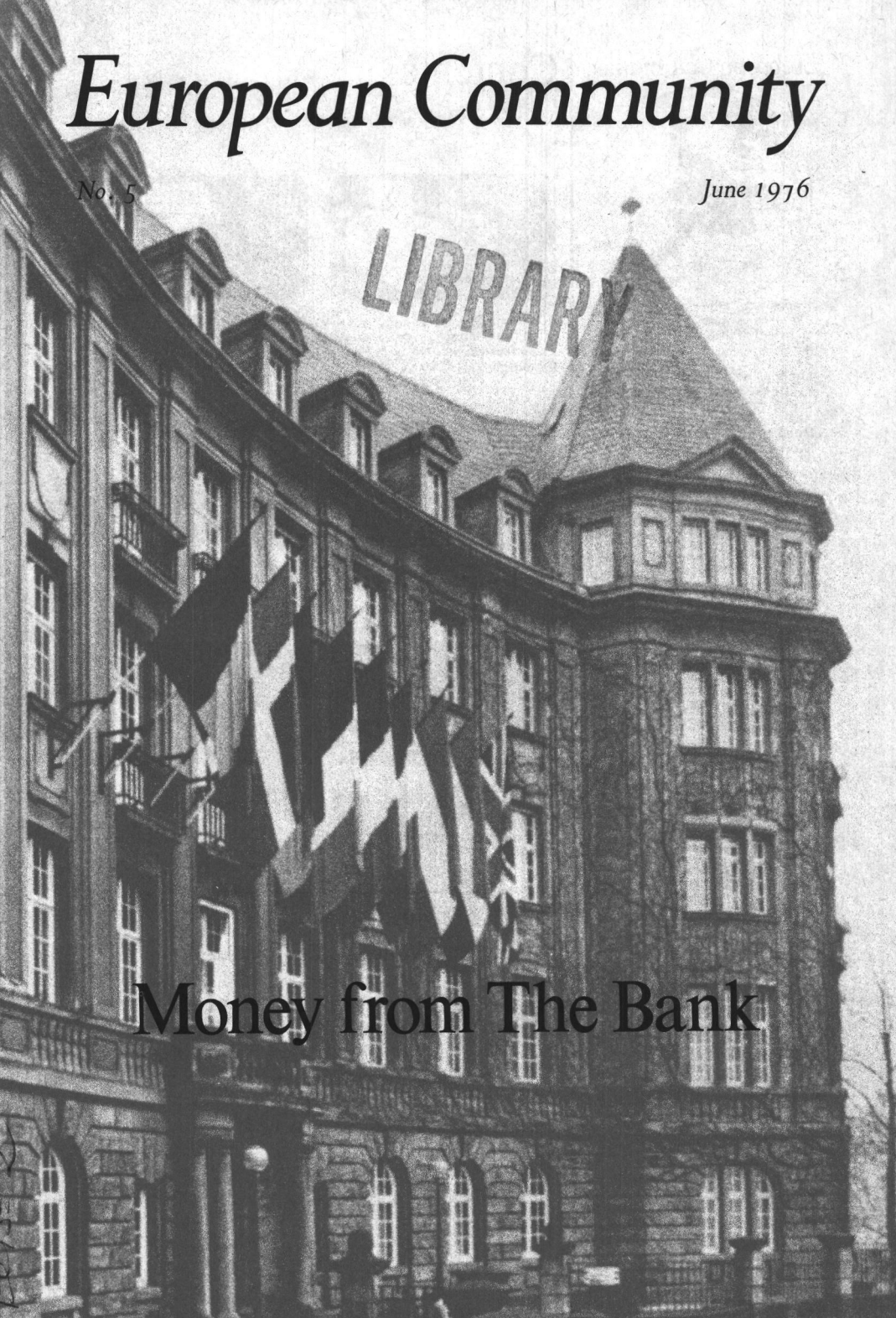
# *European Community*

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Money from The Bank





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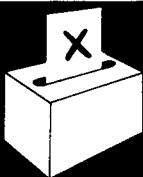


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## The Community in July

*July 5* Finance Ministers Council, Brussels  
*July 5+9* European Parliament, Luxembourg  
*July 12+13* European Council ('Summit'), Brussels  
*July 12+13* Community/ACP Council, Brussels\*  
*July 19+20* Foreign Ministers Council, Brussels\*  
*July 19+20* Agricultural Ministers Council, Brussels\*  
*July 22* Budget Council, Brussels\*  
*July 23* Community/Turkey Association Council, Ankara\*  
*July 27* Community/Greece Association Council, Brussels\*

\*Date proposed



# After Nairobi

## The results of the fourth UNCTAD meeting were patchy, but encouraging

*The fourth United Nations Conference on Trade and Development ended in Nairobi after protracted negotiations with an agreement on three main issues: stabilising commodity prices, tackling debt relief, and transferring technology. A full negotiating session on a fund to support commodity prices is to be held by next March. While observers differed in their estimates of the success of the Nairobi talks, the head of the Commission's delegation, Jean Durieux, had this to say:*

Without undertaking a detailed analysis of these agreements and their significance, I should like in general to make one observation and three comments.

### Commission role

The observation is as follows.

Whether it be the central point of these negotiations (commodities) or some of the other subjects dealt with at Nairobi, which were by no means minor, the Commission's proposals formed the first basis of the positions adopted by the Community, which, in their turn, very largely prefigured and helped determine the final compromise.

As regards basic commodities in particular, at a time when positions on both sides seemed to have hardened, the Community's initiative in putting forward its own proposals (even if some member

States added their reservations) made credible the will of the industrialised countries to succeed, and provided the negotiation with the essential elements of a compromise.

### Dialogue

Now, a comment on three points.

First, the results arrived at *in extremis* by the fourth UNCTAD made it possible to preserve the spirit of dialogue that came out of the seventh Special Session of the United Nations. After so much hope, they have prevented disappointment leading to confrontation. It is clear that, after the commitments of principle and declarations of intent made in New York, these results begin a new phase in relations between the developing and the industrialised countries. A first practical step has been taken. Others must follow, as part of a continuing process, in other gatherings, whether in Paris or in Geneva. But already what has been decided, for example on commodities and on the transfer of technology, will start off a series of negotiations which, if they succeed, as we hope, will help significantly to transform international economic relations.

Secondly, it has never been clearer than at Nairobi that the Community, whatever its ambitions and resources

– and whatever its difficulties – is in the nature of things the necessary point of contact and the natural mediator between rich and poor countries. Never have its decisions been more awaited, in every sense of the term, than at this fourth UNCTAD. Never have its initiatives aroused so much hope – and so much concern.

This gives the Community a heavy responsibility, which it cannot in future refuse, and which it will have to undertake most consciously, deliberately, and determinedly. In this respect the Nairobi experience has been rich in lessons for the Community's member States.

Thirdly, the fourth UNCTAD, its preparation, its evolution, and its

conclusion, have shown the determination of the Third World to maintain and strengthen its unity, despite the diversity of its economic interests and of the political approaches of the countries concerned. This solidarity, this movement, largely centred, in Nairobi, on one major demand: 'the common fund'. When that happened, the response, in Nairobi, could only be political.

The essential at Nairobi was that the international community, and in particular the industrialised countries of the West, but also the Socialist countries, definitively recognised this symbol of the unity of the 77, and of their united movement towards a more just economic order.

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## **Lomé in force**

Since the Lomé Convention between the Community and 46 African, Caribbean, and Pacific countries came into force at the beginning of April, 1976, the Stabex system of export revenue stabilisation has been applied, back-dated to January 1, 1976. The sugar protocol's application has also been back-dated to March 1. The first financing operation from the new Fund was decided on May 11, 1976; and the joint Consultative Assembly held its inaugural meeting on June 1-3.

## **Sugar agreement**

The Community has at last reached agreement with the ACP (Lomé Convention) sugar producers on a guaranteed price for the 1976-7 season, running from April 1, 1976 to June 30, 1977. The price agreed is 34.14 units of account per hundred kilograms of white sugar and 26.70 u.a. for raw sugar. The latter will include a premium of 0.48 u.a. for hundred kilograms white sugar equi-

valent, which is to be reimbursed by the exporting countries if sugar has to be stockpiled and sold off at a loss. The price agreed is a compromise between the proposals of the ACP countries and the last previous offer made by the Community.

## **Aid for southern Africa**

The Community has agreed on 30 million dollars' emergency aid to Zaire, Zambia, Malawi, and Botswana. Together with some 2.7 million dollars' worth of food aid already granted, this is to help compensate for export losses since the Angola conflict and the closure of the Mozambique-Rhodesia border.

## **India**

A new agreement on coir product has been signed between the Community and India, which will run for four years from January 1, 1976. The import duty on these products will benefit from a further reduction from 60 per cent to 80 per cent on July 1, and will be entirely abolished from January 1, 1978.



# The month in Europe

## Rebuilding Friuli

The Council of Ministers seems likely to approve the Commission's proposal that the Community spend some 60 million units of account to help Friuli, scene of the recent Italian earthquake disaster. The aid will include repair of agricultural damage, reconstruction of roads, bridges, etc., rebuilding of workers' dwellings, and vocational retraining.

## The sun also rises

The European Commission has placed its first contracts for research on energy. These include twenty-three contracts for research on the uses of solar energy. Among the institutes with which contracts have been concluded is the London Royal Institution, whose scientific director, Sir George Porter, is the project-leader. He won the Nobel prize for chemistry in 1967.

## Europe helps food prices

Speaking at the House of Commons on May 6, 1976, Commissioner George Thomson declared:

'The Common Agricultural Policy, which has been constantly criticised in Britain as favouring the French farmers, is now providing a major windfall for the British housewife. With the fall in the pound, Community cash is now being used on a

massive scale to provide subsidies to prevent prices rising in the British shops on a series of essentials, including bread, bacon and sugar. Bacon would be 6½p per lb dearer, and a 2lb sugar packet would be 3p dearer without this Community help.

'Over the last four months, £80 million of these subsidies have been provided. They are continuing to run at a value of £26 million per month. They are a Community contribution to the battle Britain is fighting and winning against rising prices.

'But it would be as wrong to judge Britain's position within the Community on the basis of this bonus as on the basis of the costs of the mountain of skimmed milk. . . . The Community is infinitely more than a book-keeping exercise. Its budget is less than half per cent of the national wealth of the member States.'

## Quote of the month

'Our countries have not sufficiently understood the miracle whereby the Common Market has successfully survived the economic crisis. This is the best guarantee of its future.'

*Maurice Couve de Murville, Former French Foreign Minister and Prime Minister, speaking in Anvers on June 1, 1976.*



# A better Europe

## Wild life, clean air, pure water, safe chemicals, peace and quiet

European beaches will be cleaner shortly because of a Community directive requiring local authorities to ensure that pollution levels do not exceed agreed limits in authorised bathing areas.

This is only a very small part of the Community's Environment Action Programme, first launched in November 1973 and greatly influenced by the public interest and awareness that was aroused by the UN Stockholm Conference on the Environment in June 1972.

Based on three years of experience, the Commission has now produced its second Action Programme, for the period 1977-1981, for consideration by the Council of Ministers.

Though many of the proposals are designed to carry on work already begun, particularly where pollution is concerned, the new programme shifts emphasis to concentrate more effectively on the conservation of natural resources and the war on waste. This, the Commission believes, is essential if the object of the Programme, laid down in 1973, to improve 'the quality of life' is to be reconciled with economic growth.

The programme proposes action under five main heads:

- 1 War on waste
- 2 Conservation
- 3 Preventative policies
- 4 Developing countries and inter-

national cooperation

5 Research and dissemination of information

### War on waste

Each year the Community produces about 1,500 million tonnes of waste. Broken down into categories this means approximately: household refuse - 90 million tonnes; industrial waste - 115 million tonnes; sewage and sludge - 200 million tonnes; agricultural waste - 950 million tonnes; and wastes from extractive industries - 150 million tonnes. The annual increase in the quantity of waste is estimated at about 5 per cent.

Apart from the pollution and nuisance such quantities of waste cause, they also represent a squandering of resources which the world economy, let alone that of the Community, can ill afford.

Since 1973 both industry and the local authorities have made a real effort to limit waste and to recover waste substances; while all the member States have set up bodies to study reclamation and to define priorities. The Commission itself has initiated a number of studies in this field, and a directive on the disposal of waste oils, for instance, adopted by the Council last July, will come into force in June 1977. The directive requires that appropriate steps shall

be taken by then 'to encourage the prevention, re-cycling and processing of wastes, the extraction of new materials and possibly of energy therefrom and any other process for the re-use of waste.'

The Commission recognises that the re-cycling and re-use of waste present formidable problems; demands fluctuate, market outlets are unreliable; the cost of sorting and separating components can be uneconomic; technical know-how is inadequate. To find solutions, the Commission is embarking on a series of studies and an educational campaign, in conjunction with national and local authorities, to persuade industrialists and consumers of the need to limit waste. Priority materials cover ferrous and non-ferrous metals, paper, glass, plastics, rubber, textiles, and waste oils.

Eventually, though the difficulties are immense, the Commission would like to develop a labelling system so that consumers can deliberately choose goods which occasion the minimum of pollution and wastage in production and use. Meanwhile, on a more practical level, the Commission has put forward a draft directive regarding the disposal of toxic wastes. A programme on management and storage of radioactive wastes was approved by the Council on June 26, 1975, and the Commission is giving special attention to the problems which arise on the closing of obsolete nuclear plant, something which will be of increasing concern as the years go on.

## **Conserving resources**

The growth of industrial and agricultural production and the rapid extension of transport infrastructure have caused serious imbalance be-

tween town and country, and led to intensive economic exploitation of rural and urban space, including mountainous and coastal regions.

In order to obtain a clearer picture of what is happening the Commission proposes to draw up an 'ecological map' to help assess the economics of social demand with environmental ecological supply.

In this context the Programme pays special attention to the need to extend the beneficial effects of farming on the environment while reducing the adverse effects e.g. from leaching of pesticides; the problems of 'megalopolis' in North West Europe; the conservation of ancient monuments and areas of special interest; and the protection of wild flowers and of water and land animals. In the latter case the Washington Convention on International Trade in Endangered Species offers some protection, but many will welcome the fact that the Commission is now working on a more precise directive which is expected to outlaw practices, such as netting, which destroys birds on a massive scale and which will also contain specific measures to protect the 'corridors' used by migrating birds.

Until recently, except in very dry areas, conservation of water has not been necessary. Now, however, with economic growth, enormous urban development, and the degradation in quality of the available resources, much stricter planning and control are needed throughout the Community. The principal aim of the Commission is 'to improve the use of available and potentially available resources', so as to guarantee 'minimum water resources in those areas of the Community where there is a permanent shortfall and in tourist

*Continued on page 12*



# Bank loans for Britain

## What the European Investment Bank has so far loaned the United Kingdom

Loans from the European Investment Bank in the United Kingdom have so far totalled £387·1 million, the majority of this amount aiding projects in development areas.

A wide variety of projects have been supported by the Bank – ranging from nuclear power stations and aircraft construction to a glucose factory and a whisky bottling plant – but the loans have not been restricted only to large-scale schemes. Finance has also been provided to aid small and medium-sized ventures in development areas, particularly those promising to create extra employment opportunities or safeguard job levels.

### Interest rates

As the European Investment Bank operates on a non-profit-making basis its interest rates are close to the average rates it has to pay itself on the capital markets inside and outside the Community, where the Bank procures its funds.

EIB loans in the United Kingdom carried interest rates ranging from  $7\frac{3}{8}$  per cent and  $7\frac{1}{4}$  per cent at the time of the first loan up to a maximum of  $10\frac{1}{2}$  per cent at the end of 1974, reflecting the rapid, worldwide increase in interest rates over that period. Interest rates have since fallen. The present rate is 9 per cent for loans of up to eight years and  $9\frac{1}{2}$

per cent for loans of longer duration.

The Treaty of Rome, under the terms of which the Bank was set up in 1958, prescribes that the purpose of finance provided by the EIB shall be to support projects aiding development of less-advanced regions of the Community, modernisation and conversion projects (essentially in older, outworn industrial areas where new investments are required) or projects which are of interest to several member countries or the Community as a whole.

### Percentage lent

The Bank will finance up to 40 per cent of the cost of fixed investments of a project meeting one or more of these criteria. The normal minimum size of a direct loan is in the region of £1 million but it may be as much as £17·5 million. For exceptionally large projects, such as a nuclear power station, two or more loans may be granted for a total of about £26 million.

To help finance smaller ventures the Bank grants global loans to intermediary financial institutions which on-lend the funds for suitable projects which must also meet the Bank's financing criteria.

EIB loans are made in a 'cocktail' of several currencies, negotiable within the limits of what the Bank has available at the time of loan



disbursement. The £ Sterling content of a loan varies according to the type of project.

A list of loans to date follows, in chronological order:

**1973** The EIB's first operation in the United Kingdom was a global loan of £3.5 million to *Industrial and Commercial Finance Corporation (ICFC)* today part of the Finance for Industry group.

ICFC have on-loaned sums in support of a wide variety of small- or medium-sized industrial development, expansion or modernisation projects, ranging from factories producing sophisticated electronic medical equipment to golf club heads and carpets. It is estimated that between them these investments have created or will create over 2,250 new jobs and safeguard a further 400.

## **British steel**

A loan of £14.7 million was granted to the *British Steel Corporation* for burden preparation facilities at the Corporation's giant new complex on the south bank of the Tees.

This project will stabilise employment and create new jobs in an area where unemployment remains above the national average.

A second loan was granted to the *British Steel Corporation*, also £14.7 million, to help finance a new plant in BSC's strip mills division at Llanwern, South Wales.

The project is part of a wider BSC development programme at Llanwern which will create employment in the industry and help to alleviate redundancies resulting from closure of other plants in South Wales.

**1974** The EIB's first direct loan in Scotland was to the *North of Scotland Hydro-Electric Board*. The Bank

provided £10.4 million towards the 1,320 MW thermal power station the Board is constructing at Peterhead, Aberdeenshire. This station, situated in a development area, will help to supply the electricity needs of industry attracted into North-East Scotland by the North Sea oil and gas discoveries.

A loan of £10.4 million was granted by the EIB to a consortium of companies holding the British production licence for the *Frigg Gas field* in the North Sea.

This loan helps both to increase the UK's domestic energy resources and, on a wider scale, contributes to the diversification and security of the EEC's energy supplies.

A loan of £7 million was granted to *Kent and Essex County Councils* to help finance construction of the second tunnel under the Thames at Dartford, due to open in the spring of 1977. As an important traffic link between the Channel ports and the North of England, the construction of this tunnel is of European interest.

## **Wales and Yorks.**

Two more loans, totalling £20 million, were granted to the *British Steel Corporation* to help finance a new sinter plant at the Corporation's Port Talbot works in South Wales and a bar mill at the Thrybergh complex near Rotherham, Yorkshire. Modernisation of the Port Talbot works will help to preserve the total work force at around the present level and will contribute to the economic development of this part of Wales. The new sinter plant – situated farther away from the town of Port Talbot and embodying £1.85 million of anti-pollution equipment – is also significant from an environmental viewpoint. The Thrybergh mill will employ 360 people and will

help to stabilise the number of jobs in BSC's special steels division rolling mills in the area.

A second global loan, this time of £10 million, was provided to *Industrial and Commercial Finance Corporation*, but due to a fall in interest rates shortly after the granting of the loan coupled with worries over the future exchange value of the £ the majority of this sum was not taken up.

A loan of £4 million was granted to *Lewis Offshore Ltd.* to help establish on the Isle of Lewis, in the Hebrides, a steel fabrication complex for offshore structures.

This project is an important contribution to North Sea oil and gas exploitation but it is also expected to create 1,000 jobs on the island by 1981.

## N. Ireland

The EIB's first direct loan in Northern Ireland – £2.5 million – was made to the Belfast aircraft concern, *Short Brothers & Harland Ltd.*

It will help finance development of the SD3-30, a wide-bodied 30-seat commuter or mixed freight/passenger aircraft.

Assuming this aircraft follows the success of the company's 'Skyvan' from which it is developed, it will help Shorts (third largest employer in the Province) to keep its work force fully employed through the present decade. Short's Aircraft and Aerostructures divisions employ 4,000 people.

A loan of £15.6 million was granted to the *Electricity Council* and the *Central Electricity Generating Board* for construction of the Hartlepool nuclear power station in the North East of England, the Bank's first nuclear energy loan in the United

Kingdom.

In addition to its general role within the National Grid, this power station will be an important contribution to developing the infrastructure required to support considerable industrial growth planned for Hartlepool, at present classified as a development area, in the years ahead.

**1975** A second loan, this time for £7.8 million, was granted to the *Electricity Council* and the *Central Electricity Generating Board* for the same power station.

In Scotland a loan of £15.6 million was provided for the Hunterston 'B' nuclear power station being built in Ayrshire by the *South of Scotland Electricity Board*.

Situated in a development area, the station will help to meet the growing industrial and domestic demand for electricity in the South of Scotland.

The importance of the loans for Hartlepool and Hunterston power stations is heavily underlined by the major role which nuclear energy must play in helping the EEC to diversify the sources of its energy supplies and, above all, to reduce dependence on oil imports.

## Scotland

A loan of £12 million was provided to the *Distillers Company Ltd.*, for a blending and bottling plant for Johnnie Walker Scotch whisky at Glasgow.

The main interest for the Bank was the creation of 600 new jobs at the plant with the possibility of a further 300 in due course.

A second loan, this time of £7.8 million, was granted to the *South of Scotland Electricity Board* for the Hunterston 'B' nuclear power station.

The *National Coal Board* received

a loan of £7.2 million to help meet the cost of opening two important new mines and developing several others. When work is completed these pits will contribute some 6½ million tons per year to the UK's coal production: they will also guarantee continued employment for about 7,500 underground and surface workers.

Four loans totalling £47.8 million were granted to the *British Gas Corporation* for different parts of a 425-mile pipeline system which will bring natural gas from the Frigg field in the North Sea to Scotland and North-East and North-West England.

For construction of a glucose factory at Howden, near Goole in Yorkshire, the *Tate & Lyle* group received a loan of £1.6 million. The plant will create new job opportunities in an area of unemployment.

A *Post Office* project to carry out major improvements to the Welsh telecommunications network benefited from a £17.5 million loan. One of the main aims of the project is to provide better service for industry in South Wales.

## Kielder dam

A loan of £7.5 million was granted to the *National Water Council* for the Kielder dam and reservoir scheme, which will regulate the flows of the rivers Tyne, Wear and Tees and help to meet much of North-East England's domestic and industrial water needs until the beginning of the next century.

A further loan to the *British Steel Corporation*, of £17.5 million, will be used for the installation of three new coating lines at the BSC's Coatings Complex at Shotton, North Wales, creating 475 new jobs.

Two loans, each of £10 million,

were granted to the *South of Scotland Electricity Board* and the *North of Scotland Hydro-Electric Board* for erection of power transmission lines.

*British Railways Board* received a loan of £6.3 million towards the cost of constructing over 2,000 special wagons for British Rail's streamlined 'Merry-Go-Round' coal hauling operation, which involves fully-fitted trains each carrying about 1,000 tons of coal direct from the mines to the power stations in an almost continuous cycle. Over twice as efficient as deliveries by trains made up of conventional coal wagons, the 'Merry-Go-Round' system plays its part in helping to keep down the costs of coal-generated electricity.

## N. Sea oil

Again in the energy field, the Bank provided £16.9 million to the *Shetland Islands Council* to help finance construction of an oil tanker harbour at Sullom Voe, through which will pass supplies from many of the North Sea oil fields.

The Council are planning for the possibility that up to 1,000 jobs will be directly or indirectly related to the project.

A loan of £1 million was provided for conversion and expansion of the *British Olivetti* typewriter factory in Glasgow, a welcome new development in an area suffering from severe unemployment and industrial conversion problems.

1976 £20 million was provided to the *British Gas Corporation* for a further stage in the construction of the Frigg gas delivery system in Scotland and Northern England.

The *Post Office* received a loan of £17.3 million for development of the telecommunications network in Scotland, permitting about 250,000 extra exchange connections to be made.

- ☐ the establishment of suitable monitoring procedures;
- ☐ the application of international conventions on fresh and sea water which the Community has signed or

the growth of modern industrial society and most countries have regulations or outline laws covering particular sources of noise. To remove economic distortion, how-

Two new loans amounting to £13 million were made to the *National Water Council* for various projects which will increase supplies in the North-West of England and also for

stantially cutting journey times.

In helping to provide part of the finance required, the EIB is mainly concerned with the benefits to the disadvantaged regions of Glasgow

ever, the Commission has submitted to the Council a number of proposed directives limiting noise emissions ranging from pneumatic drills to motor cycles, but is now working on a broader set of quality measures designed to fix permissible noise levels in certain areas throughout the Community depending on whether they are residential, used for leisure, industrial or airports.

### **Industry and energy**

The work here will mainly comprise the testing of new chemicals likely to have an adverse effect on man and the environment and the introduction of a standing review, at Community level, of the environmental impact of chemical compounds. The need for this has become clear as, in recent years, authorities have been faced with increasing difficulties over the use of toxic chemicals (such as PCBs, VCM, compounds of mercury) the adverse environmental impact of which had not been foreseen.

### **Developing countries**

Concern for the environment is now evident in most countries and the Commission makes it clear that work in the Community must be seen in the wider context of the UN and other national or international environment programmes.

Depletion of natural resources is a matter of great anxiety to the developing as well as the developed countries; it is also important that the developed world does not export

its own pollution problems to the less developed; yet introduction of quality standards must almost inevitably mean costlier machinery and installations. The Commission suggests that the European Development Fund can be used here, particularly for signatories of the Lomé Convention, to support projects designed to create and improve human settlements and to protect the natural environment.

### **Research**

The Community has used the Ispra Joint Research Centre for most of its direct research projects and is planning a further programme for the next five years. To date 16 million units of account (nearly (£10m) has been allocated for four major projects.

The Commission would like to see all sections of the population playing their part in furthering the Environment Programme, and it plans to produce popular reports, pamphlets and brochures on progress.

As the programme makes plain, good environmental policies are not opposed to economic development but seek to prevent such development from irreparably destroying the quality of our surroundings. The former programme was sometimes criticised as over-ambitious; the present one is no less so. But the Commission would argue that only by seeing the problem whole can the detailed action required be fitted into a coherent pattern.

## **Statistic of the month**

In the five years between 1970 and 1974 the Six, and subsequently the Nine, received financial assistance from the Community to the tune of 19,000 million units of account. The biggest single figure (13,273 million u.a.) was from the Guarantee Section of the Farm Fund, the next biggest (2,798 million) from the European Investment Bank. The remainder came from ECSC loans, social aid, aid to research, and the Guidance Section of the Farm Fund.



## **Regional Fund aids Northern Ireland**

Northern Ireland has been allocated more than £11 million from the EEC's Regional Fund since the first grants were announced last year. This figure represents a fifth of the total grants to the United Kingdom although the North's population as a percentage of the total UK population is much less than a fifth.

The figures were announced by Mr George Thomson, the Commissioner directly responsible for Regional Policy, during a recent visit.

He pointed out that the North was also a high priority for the EEC's Social Fund, for which Dr Patrick J. Hillery has direct responsibility, and he said that, including grants from the Farm Fund, Northern Ireland had so far received more than £30 million from EEC funds.

## **Pakistan agreement**

On June 1, 1976, the Community signed a Commercial Cooperation Agreement with Pakistan. In the trade field, it provides for the mutual granting of most-favoured-nation treatment and the highest degree of mutual liberalisation of imports which the two parties apply to other countries. It also commits the two parties to maximise and diversify their mutual trade and intensify their

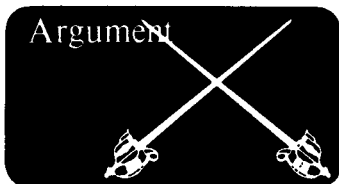
economic cooperation. The machinery for this is a Joint Commission. The Agreement is for an initial five-year period, extendable on a year-by-year basis thereafter.

## **Oil money**

The Community's expenditure on energy imports jumped from 15,737.4 million units of account in 1973 to 40,323.4 million in 1974, according to figures just released by the Commission in answer to a European Parliamentary Question. The bulk of these imports were from OPEC countries, which amounted to 13,600 million u.a. in 1973 and 35,426 million in 1974. The corresponding figures for the first half of 1975 were 16,879.7 million u.a. overall and 13,612.5 million for the OPEC countries. Community exports to OPEC countries totalled 6,864.9 million u.a. in 1973, 10,783.5 million in 1974, and 7,967.3 million in the first half of 1975.

## **Egypt**

An agreement on trade in textiles was signed between Egypt and the European Community on May 13, 1976. It provides for the abolition of all restrictions on imports from Egypt in the Community, but a consultation clause will allow the Community to take appropriate measures should there be any risk of market disruption.



# Heath's agenda for Europe

In a speech on May 10 Edward Heath gave his views on the present state of the Community

If Europe is to emerge from the doldrums, the July summit has got to come up with some solid achievements. There are six areas where progress clearly needs to be made.

**1** Agreement must be reached on the question of direct elections to the European Parliament. If we are to meet the deadline of 1978 for elections to take place – and I strongly believe that the deadline can be met – then we just cannot afford any further delay.

**2** Greater progress needs to be made towards a common European foreign policy. So many other policies depend on this: international trade and commodity agreements, East-West relations, and help for the Third World.

## Influence

The Community will never be able to exert its real influence in the world until this is done.

**3** We can no longer afford to go on tinkering with the expensive Common Agricultural Policy. It is high time a full-scale review of the CAP was carried out. This should concentrate on providing a sound economic basis for the Common Agricultural Policy. This would not only be of benefit to Britain and British agriculture but also to the long-term future of the Community as a whole.

**4** At a time of growing divergence between the economies of the member countries, the Community needs to hammer out a common approach to the common problems of inflation and unemployment.

**5** Member countries must work together to make a reality of European projects. There are dangers that collaboration with the United States aerospace industry could wreck plans for a European aerospace industry. Member countries must not only think European but also act European.

**6** Urgent and concerted study must be given to all aspects of the Tindemans Report so that we can shift European development into a higher gear. This would be my agenda for Europe. We cannot afford to delay.

## Agreement with Canada

Negotiations for a framework agreement for commercial and economic cooperation between Canada and the Community were concluded in Brussels on June 2, 1976. Particular aspects of commercial and economic cooperation are to be discussed in a Joint Cooperation Committee set up under the agreement, which is to be submitted shortly for approval to the respective authorities on either side.