Eurofocus

A NEWSSHEET FOR JOURNALISTS • **REPRODUCTION AUTHORIZED**

N° 6/82 BRUSSELS, February 15, 1982

Week of February 8 to 13

SUMMARY

This newssheet is published in six languages (English, French, German, Dutch, Italian and Danish) by the Directorate-General for Information of the

Commission of the European Communities,
Rue de la Loi 200 - 1049 Brussels
TEL. 235 11 11 - Telex 21877 COMEU B.

Editor : Will. J. Reckman

OCEAN RESOURCES : A fair share of the last frontier

The majority of the earth's surface covered by water has been both feared and coveted as a bountiful treasure-trove for thousands of years. While many seafaring and fishing nations have long been well aware of the economic importance of the oceans, only in recent years has the world community sought to systematically prepare for the development of what may be the world's last untapped natural frontier region - the ocean floor.

The world's developed countries and industrial and mining companies have stood poised for several years to plunge in and recover some of the vast mineral deposits believed to be on the seabed. This forthcoming development of these new fields for such minerals as cobalt, copper, manganese and nickel has become all the more important with the realisation that many of the previously known deposits of these and other resources are being exhausted or subjected to economic and political uncertainty.

But the task of organising an international system to provide for the fair and orderly exploitation of the seabed has been fraught with difficulty. Under United Nations auspices, a conference on the law of the sea was launched in 1973 with the aim of drafting an international treaty for this purpose. It proved to be extremely difficult to reconcile the differing interest of the industrialised nations which possess virtually all the technology and equipment necessary to exploit the oceans' economic potential and the developing countries whose territories border on much of the planet's ocean space. Each has sought the maximum profit from any future mining of the oceans' resources.

A draft treaty was drawn up in 1980 after years of negotiation. But the new American administration of President Reagan decided to reject the threaty its predecessors helped draft and demanded a renegotiation of terms more advantageous to industrialised and mining interests.

In preparation for the renewal of these negotiations in New York in April, the European Commission has just recommended that the 10 European Community countries adopt a joint position on the treaty provisions. It notes that the Community's 75 percent dependence on external sources of non-energy raw materials makes it imperative that the negotiations produce a workable international formula. It argues against too heavy or restrictive international bureaucracy to control exploration and mining. And it also hopes to ensure that both developing and industrialised countries benefit completely from any future development of the seabed. The Commission consulted the various European industries interested in seabed development for their views in formulating its recommendations, which will first have to be approved by the EEC Council of Ministers before being peesented in the UN law of the sea negotiations.

INSTITUTIONS : European union ... gradually taking shape

As any architect will tell you, incomplete structures fail the test of time. They must be strengthened ... or they collapse. This also applies to the European Community. The Community's future could be threatened unless steps are taken to continue the process of European integration and establish new joint objectives for the Member States.

EEC Heads of State and Government first discussed this key issue in October 1972. They recognised the need to transform relations between Member States into a veritable European Union. This goal has been reaffirmed on several occasions since 1972. Leo Tindemans, at that time Belgium's Prime Minister, was asked to draw up guidelines for the creation of a European Union and to recommend ways of achieving it. However, his report, published in January 1976, had no real follow-up.

Certain observers point out that this is hardly the ideal time to talk about European Union. Europe, they say, must first learn to tackle such critical issues as unemployment and rampant inflation. These critics appear to believe that each Member State should go its own way. Others stress, however, that Europe can only come out of the present crisis by concerted action and cooperation. Seeking shelter within national frontiers will not only mean a historic failure, it will also mean the end of Europe's economic, social and political future.

About twenty Members of the European Parliament who belong to the European Peoples Party (Christian Democrat group) have just drawn up a draft "treaty on the first phase of the attainment of a European Union". According to the draft treaty, the Union should be organised on the basis of a federal state with an autonomous constitution, the text of which would be submitted for the approval by the EEC citizens. The institutions of the Union would be very similar to those of the existing Community, but the European Commission would be transformed into "an independant and responsible European government", and the Council would become a "Chamber of States". The Parliament's powers would be extended to allow for the adoption of legislation.

The treaty also foresees that the powers of the Union would cover such areas as defence and foreign affairs which are currently outside the ambit of the Community.

Although we are still years away from the adoption of such an ambitious text, the parliamentary proposals are expected to relaunch a wide-ranging political debate on the future of Europe.

AGRICULTURE : The Franco-Italian wine "war"

The European Community's two major wine-producing member countries - France and Italy - are at "war" once again. This time around, however, the battle being fought is an economic rather than a political one. But stakes are high and tempers are fraying just as they did when Julius Caeser invaded Gaul centuries ago.

The recent decision by the French authorities to suspend imports of Italian wine "until imports can reach a normal monthly rhythm" is the third act in a war which broke out between the two "wine giants" several months ago.

Hostilities emerged following the more than abundant harvests registered in both Italy and France last year. As Italian prices are considerably lower than in France, a number of Italian wine producers decided to step up their exports of wine to the French market.

The fact that the Italians did not take advantage of the distillation facilities offered by their government as a means of reducing the surplus of wine was clearly because payment for distillation is often delayed.

The increased sales of Italian wines on the French market last year provoked a series of incidents on the border. Trucks carrying the wine were set on fire and large quantities of wine were destroyed ...

The European Commission, which feels that such measures run counter to the provisions of the Treaty of Rome dealing with the free movement of goods within the Community, intervened in the dispute by suggesting that emergency distillation measures should be reinforced. Later, the Commission opened infringement proceedings against France, accusing Paris of delaying customs formalities required for importing wine and, generally, of taking steps aimed at slowing down imports of Italian wine.

Political attempts at opening a dialogue between the two countries were also made by the Commission. Finally, in October last year, the two countries came to an agreement. Paris agreed to free, within a two-month period, all the wine that was blocked in France, in exchange for a Community commitment that this would be accompanied by aid for the stocking of the surplus wine.

Earlier this month, however, Paris acted once again to block the entry of Italian wines. This time, the Commission has indicated that the question will be submitted to the European Court of Justice for judgement.

The Commission has also called on the French authorities to take immediate measures designed to improve the situation. These would include the immediate suspension of systematic frontier controls and automatic customs clearance for all wine consignments reaching the French frontier.

IN BRIEF... IN BRIEF... IN BRIEF... IN BRIEF... IN BRIEF... IN BRIEF... IN BRIEF

SOCIAL: Equal benefits for migrant workers

Immigrant families from EEC countries should be eligible for the same benefits as families in their host countries, according to a European Court of Justice ruling. Commenting on the case of an Italian family living in the Federal Republic of Germany, who had been refused a loan to which German families are entitled when they have children, the Court said that EEC migrant workers must enjoy the same social and tax advantages as their hosts, under Community law.

Ruling in favour of the Freina family and against the Landeskreditbank Baden-Wurttemberg, the Court claimed that interest-free "child birth" loans to low-income families were one of the "social advantages" encompassed in a Council regulation on equal treatment dating back to 1968. The loans, which amount to between 8,000 - 12,000 DM are granted for seven years and are designed to compensate low-income families for the extra financial burdens involved in bringing up children.

UNEMPLOYMENT: Trade unions signal alarm

The number of registered unemployed in the Community has overshot the 10 million mark and is expected to rise even higher in the months ahead. This situation - reminiscent of the 1920s and 1930s - has led many people to call for a radical change in the economic policies followed by European governments.

Similar protests have been made by the European Trade Union Confederation (ETUC) which represents the European trade union movement in any discussions with the European Community. The executive committee of the ETUC has just published a statement which stresses that the assurances given by member states regarding the impact of their economic policies on unemployment have been proved to be baseless. In reality, continues the statement, it is not only the future of millions of men and women which is threatened, but the future of European society as a whole. The ETUC representatives have asked to see the European Commission so that they can make a personal appeal for new and more effective measures designed to end the dramatic increase in unemployment.

INDUSTRY: Symposium on Greek food industry

A symposium on the Greek food industry will be held in Athens on June 24 and 25. This will allow representatives of industry to meet their partners from other EEC states and thereby facilitate the growth of the sector which is vital to the Greek economy. Additional information can be obtained from: Business Cooperation Office, 17, rue Archimède, boxes 1 and 5, 1050 Brussels, Belgium.

THE ROAD TO ENERGY INDEPENDENCE

It was in 1974, just after the first oil shock, that the countries of the European Community first set themselves joint objectives for an energy policy, aimed primarily at limiting petroleum imports and energy savings. In May 1980, new goals were set for 1990, and Energy Ministers assigned the European Commission to evaluate the progress made each year. That's why the European Commissioner in charge of energy, Etienne Davignon, just recently provided a new analysis of the existing situation, accompanied by a complete energy strategy for the Community countries.
In 1981, the European Community members imported 366 million tonnes of oil. This figure represents a considerable reduction in contrast to 1973, a year in which net imports to the Community were still at 573 million tonnes. Despite this spectacular reduction, the 10 members still remain at the top ranks of petroleum importers and this energy dependence continues to weigh heavily on the European economy.
Mr Davignon wanted to attract the attention of European Energy Ministers, who will meet next March 16, to the interconnection of actions to be undertaken in the different sectors, meaning primarily nuclear, coal and rational use of energy, to achieve a real diversification of supply sources. Despite the support it has given for several years to the development of new and renewable energies such as solar power, the European Commission feels that only coal and nuclear energy can assure this diversification by the year 2000. As of now, nuclear energy furnishes 16 percent of the Community's electricity production, or 6 percent of total energy consumption. Nevertheless, this level is far from meeting the objectives set in 1974 by the Community. In fact in 1974 the goal was that the Community dispose of a system of nuclear power plants totalling 160,000 megawatts by 1985. But current forecasts are for only 70,000 by that date. This cutback is explained by a slowdown in economic growth which resulted in a lower demand for electricity than foreseen and especially by the halting or delay on a number of projected plants following the opposition demonstrated by part of the population against nuclear power. Without actually advocating unconditional support for nuclear energy, the European Commission has come out strongly in favour of extending the plans for Community nuclear installations. It has just announced the

publication for next June of an economic analysis demonstrating the advantages of nuclear use as opposed to other energy sources, advantages which are not well known to the general public.
Electricity produced from coal and electricity furnished by petroleum represent respectively costs which are 30 to 90 percent or from 100 to 150 percent more than electricity produced from nuclear power. This comparison takes all costs into consideration, including those involved in the disposal of nuclear waste and the dismantling of nuclear power plants. This competitiveness is a result of the relatively low costs of nuclear combustible materials. In a conventional nuclear power station, a kilo of uranium provides a quantity of energy equivalent to 10 tonnes of petroleum. In fast-breeder reactors, the equivalent of 600 tonnes of oil are produced. It is well understood that nuclear safety remains at the forefront of Community preoccupations. Euratom, currently devotes about £73.6 million annually to research in this field.
Mr Davignon also indicated that it was indispensable to revise the Euratom treaty because the Community no longer gives the member states the required guanrantees for their uranium supplies. According to the terms of the treaty, the Euratom Supply Agency holds and exercises an absolute monopoly over the furnishing of uranium. But individual companies should now be allowed to conclude supply contracts for themselves. France had already presented a similar request in 1979.
Mr Davignon also underlined the necessity of encouraging investments aimed at allowing for a more efficient use of energy. These investments currently account for only 0.4 percent of the Community's Gross Domestic Product and, according to the EEC Commission, it should reach 1 percent by the end of the decade.
Such an effort would contribute to the improvement of the international competitivity of European companies by providing them with great energy efficiency. It would stimulate economic growth and open new markets for building construction, the electric and mechanical industries, the service sector and others. If these national investment programmes are set in motion in a concerted and simultaneous fashion, they could lead to the creation of some 300,000 to 500,000 jobs in the Community by 1985. In industries such as transport and construction, the Commission estimates that potential economies could account for savings of 15 to 20 percent in current energy use. In the months to come, the Commission plans to fully inform public opinion on the over-all energy picture in the Community because every citizen can also contribute to energy savings and independence.