

# EUROPEAN COMMUNITY NEWS

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**COMMISSION OF THE EUROPEAN COMMUNITIES**

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### SIMONET TO VISIT UNITED STATES FOR ENERGY TALKS

EC Commission Vice President Henri Simonet, responsible for the Community's energy policy, nuclear safeguards, fiscal policy, and financial institutions, arrives May 30 in Washington for two days of talks on Capitol Hill and with White House, State Department, Interior Department, Treasury Department, and Atomic Energy Commission officials. On June 2, he will go to New York for discussions with energy experts in the private sector.

Simonet's talks in Washington and New York follow the "energy messages" last month of both President Richard M. Nixon and the EC Commission. The guidelines and priorities for an EC energy policy were contained in an April 19 communication from the Commission to the Council of Ministers. The EC policy blueprint included:

- cooperation among major energy-importing areas to prevent "needless and expensive counterbidding for crude oil by the importing countries"
- "a climate of mutual trust" between energy-exporting and -importing countries to assure stability of energy supplies
- greater harmonization of rules governing the petroleum market within the Community, beginning with alignment of petroleum product specifications and consumer price criteria
- consultation by oil companies with EC public authorities prior to negotiations with producer countries
- reconciliation of energy demand with environmental protection through stepped-up development of nuclear energy.

Before joining the EC Commission in January, Simonet had served as Belgian Minister of Economic Affairs. He also served as mayor of Anderlecht, member of the Belgian Chamber of Deputies, and government official for economic and energy affairs. In addition, he was active in the academic world, holding a professorship and administrative posts at the Free University of Brussels.

### EC AIDS STRICKEN AFRICAN NATIONS

The European Community will send "as quickly as possible" 13,000 metric tons of skim milk powder to six African countries suffering from a drought which threatens to cause widespread famine. According to a May 15 Council decision, the food aid will be distributed free of charge to the Voltaic Republic, Mali, Mauritania, Niger, Senegal, and Chad. The milk powder will be shipped to an African port from which it will be carried by truck, boat, railroad, or airplane, to areas where the livestock population has been decimated and fresh milk is no longer available.

"YEAR OF EUROPE" IN FULL SWING

Almost midway through the US-designated "year of Europe," President Richard M. Nixon has held bilateral talks in Washington with British Prime Minister Edward Heath, Italian Premier Giulio Andreotti, and German Chancellor Willy Brandt, and this month will meet with French President Georges Pompidou. Nixon will be returning their visits this fall.

This month EC Commission Vice President Henri Simonet will travel to Washington for discussions with high US officials on mutual energy problems. In June, Commissioner Ralf Dahrendorf, responsible for the Community's science, education, and research activities, will be in Washington and New York. Also in June, Alfons Lappas, chairman of the EC's Economic and Social Committee, will visit the United States. The Economic and Social Committee is an advisory body composed of representatives of labor, agriculture, management, and other interest groups.

Earlier this month, a delegation of members of the US House of Representatives visited Commission headquarters in Brussels and took part in a European Parliament session in Strasbourg. A European Parliament delegation is expected to return the exchange later this year.

EC-NORWAY ACCORD

An EC-Norway free trade agreement to remove all customs duties on industrial products over a five-year period comes into effect July 1.

Norway, which last year rejected EC membership in a referendum, is the last of seven European Free Trade Association (EFTA) countries to conclude a trade agreement with the Community. Norway's accord, signed May 14 in Brussels, is substantially the same as the Community's agreements with the other EFTA nations. The agreement ensures that the elimination of customs duties on industrial products achieved between Norway and its former EFTA partners, Britain and Denmark, will be maintained. During a five-year transition period, free trade in industrial products will be introduced between Norway and the original EC members plus new EC member Ireland. For some products, including paper, aluminum, and other metals, some textile products, and electrical equipment, the elimination of customs duties will take an additional two years.

Norway and the Community also agreed on provisions for some agricultural products. Norway will reduce tariffs for such EC farm goods as wine, and some fruits and vegetables, and the Community will reduce tariffs on some Norwegian fish products. The agreements on farm products were not part of the agreement on industrial goods and were finalized by an exchange of letters.

## EC-US DIALOGUE

Two independent representatives should be designated by the United States and the Community to determine the relative importance of issues to be negotiated during the upcoming global trade talks.

Other suggestions made by the Action Committee for the United States of Europe, meeting in Brussels May 3-4, included resolutions on progress toward economic and monetary union, the creation of jobs in backward regions, and social action.

The Committee, which counts many distinguished Europeans among its members, has been a persuasive force for European integration since its establishment in 1955 by Jean Monnet, one of the Community's founders.

Here is the complete text of the Committee's resolution for "ensuring that the discussions between the United States and the European Economic Community take place in a changed climate and on an equal footing:

- The trend of relations between Europe and America is of major importance for the future of both of them and of the rest of the world. The Committee is convinced that the problems to be solved are limited in character compared with the common interest of America and Western Europe in each other's prosperity and security. America and Western Europe, with their distinct personalities, both base their political, economic, and social development on freedom. The constructive dialogue with the United States, Japan, Canada, and other industrialized trade partners, planned by the [EC] Summit [in October in Paris], must take place in a spirit of cooperation. An adversary relationship is to be avoided. It is essential that the various questions at issue should be discussed without mutual recrimination, each in the appropriate form.
- It is vital that the countries of the Community organize themselves so far as to ensure their solidarity and to enable them to speak with a single voice. If the Community is thus able to negotiate and to enter into commitments on an equal footing, the Committee has no doubt that the necessary cooperation would be established which will enable the Community, the United States, Japan, Canada, and other industrialized trade partners to establish a durable world trading and monetary system.
- The Committee notes the important statement made on behalf of the President of the United States by Dr. [Henry A.] Kissinger on April 23. The Committee believes that the Community should respond actively to this attempt to put US-European relations on a new footing. The examination in common on a basis of equality of the two viewpoints -- the American and the European -- should enable the establishment of a balanced and friendly dialogue between the United States and Europe on an equal footing as Europe proceeds toward union in 1980.

● The Committee suggests that two independent representatives should be designated, one by the United States and the other by the Community, to draw up with all speed an inventory of the questions to be negotiated and to assess their relative importance. These representatives would not negotiate, they would make an independent appreciation of the difficulties to be solved and the points on which the main efforts should be concentrated, particularly in the light of the commercial and monetary changes which have occurred in the last two years. In this way, the leaders of the United States and the Community will, at the highest level, be able to promote a positive outcome to the negotiations. The Committee is convinced that if this work is done, then the difficulties will be cut down to size, some of them will prove to be quite secondary and the necessary negotiations can be pursued in a changed climate and with a determination to arrive at mutually advantageous compromises.

#### MARTINIQUE AND VOLTAIC REPUBLIC EARMARKED FOR AID

The French "department" of Martinique and the Voltaic Republic are the latest recipients of development aid disbursed through the European Investment Bank (EIB). Martinique will receive a loan worth 638,156 units of account (one u.a. equals one 1970 dollar). The loan to the Voltaic Republic will total 5,040,000 u.a. Both are part of the Community's continuing program of providing low-interest, long-term loans with extended grace periods to developing countries.

The funds for Martinique will help cover costs of road improvements between the towns of Fort de France and Saint-Pierre. The Voltaic Republic's loan will partly finance development of a sugar complex in the southwestern part of the country. Both loans complement earlier EIB financial aid to these projects.

#### HARMONIZING STATIC

Some people have accused the Community of suffering from "harmonization mania." There is a method to the so-called madness, however, as illustrated by the Commission's recent proposal to harmonize member states' laws on radio interference caused by radio and television broadcast receivers.

EC member countries have different laws on the permissible limits of interference by receivers and different inspection and testing procedures. A radio or television receiver manufacturer in the "Nine" must, therefore, adapt his product to the requirements of different markets, incurring extra costs for receivers intended for export to other EC nations. If the Community succeeds in harmonizing the differing laws, every receiver manufacturer can compete throughout the Nine on an equal basis.

### BLUEPRINT FOR EUROPEAN UNION

No one in Brussels wanted to define the "European union" which EC member states at last year's Paris "Summit" had said that they intended to form by 1980. Today, the blueprint for European union is ready for inspection.

The new 13-member Commission, in a burst of activity since taking office in January, has prepared guidelines for future Community action in such vital areas as economic and monetary union (see European Community News, No. 28, p. 9), social policy (see News, No. 28, p. 8), and energy policy (see News, No. 30, p. 2). In addition, the Commission has submitted to the Council guidelines for regional, environmental, and industrial policies.

An effective regional policy would particularly benefit such countries as Britain, Italy, and Ireland, whose regional imbalances are most marked, George Thomson, EC Commissioner responsible for regional policy, said when he presented the Commission's May 3 report to the Council. Nonetheless, he emphasized, more balanced economic growth would decrease urban congestion and benefit the Community as a whole. Thus, the insistence that each member state receive as much money from the proposed regional development fund as it contributes must be rejected, he said.

The fund, to be financed from the Community's own resources, is scheduled to be established by the end of this year, according to the Paris Summit communique. The exact amount of the fund's resources has not yet been determined, but informed observers suggest that 500 million units of account (one u.a. equals one 1970 dollar) is what the Commission will present in its formal proposals this fall.

Aid from the fund would go to rural areas overdependent on low-productivity farming and to areas handicapped by aging industries in decline. The Commission's report said that areas with an above-average rate of unemployment, a low or declining per capita gross domestic product per capita, and a high rate of outward migration would qualify for aid in the form of direct grants or interest rebates on loans. Aid should go principally to industrial projects, service activities, and infrastructure plans which have a particular regional importance or are designed to stimulate productivity. Member states would be represented on a management committee that would advise the Commission on priority regions needing aid. A regional development committee would coordinate national regional policies. Thomson suggested that Community tax disincentives be established to discourage companies from opening up shop in congested areas of the Community.

Improving the environment and preventing its further deterioration is one way the Common Market can benefit every citizen on an equal basis. The aim of an EC environmental policy is to "improve the setting, surrounding, and condition of life in the Community population." The Commission approved its environmental program on April 10. The Council is committed to act on it by July 1, according to the Summit communique. The three broad areas of action named by the Commission are

- projects to reduce and prevent pollution, including harmonizing methods of analysis and measurement, drawing up common measures to meet agreed-upon standards, and joint research efforts
- projects to improve the environment and quality of life, including protection of the natural environment, common solutions to resource depletion, creation of a forum for discussing urban problems, an institution to improve living and working conditions, and programs to inform and educate the public
- Community action or, where appropriate, joint action by member states in international organizations dealing with environmental questions.

The Commission on May 3 issued a series of proposals intended to give the Community a solid industrial base. Drawn up by Altiero Spinelli, the Commissioner in charge of industrial and technological affairs, the memorandum lists four main priorities:

- The Commission would present the Council of Ministers with draft directives whereby the Community could completely eliminate by the end of 1977 a large number of intra-EC technical trade barriers (such as varying safety standards). Products affected range from mineral water to school equipment.
- Member governments should do more to enable firms from all member states to bid for public-works contracts. The Community should also open up to all EC suppliers contracts awarded by state-run enterprises and the public-service sector, including airlines, railways, and telecommunications and power utilities. The Commission warned that it will take member governments to the EC Court of Justice if they continue to infringe Community rules by giving preference to national suppliers, now about 95 per cent of public contractors.
- National public finance institutions should cooperate in providing risk capital for the creation of European-scale companies capable of competing on world markets. The Commission plans to propose this year a statute for European cooperation groups, modeled on the French *groupement d'interet economique*, under which companies of different legal standing can cooperate without losing their identity.
- The Community should give special attention to making advanced technology industries as computers, aircraft, and telecommunications more efficient, and to helping sectors that are currently experiencing crises, such as shipbuilding, textiles, and paper. It should aim at a better coordination of investment in heavy industries to avoid over-capacity and a maldistribution of public money.

Spinelli also announced a new drive for the harmonization of national company laws and said the Commission would soon propose uniform taxation of dividends and interest on bonds. To ensure free competition, Spinelli called for the prior notification to the Commission of important merger plans so that it could intervene if necessary before a merger violating the EC rules of competition takes place.

US PRESS VIEW: THE DECADE OF EUROPE?

President Nixon's decision to meet with NATO [the North Atlantic Treaty Organization] and the Common Market when he journeys across the Atlantic this fall reflects a growing US readiness to treat Western Europe as a whole. The President's gesture should not be interpreted as a sign that Washington has any illusions about the obstacles on the path to European union or, indeed, about the problems existing European cohesion already poses for the United States. Rather, it appears to reflect an American conclusion that dealing with the institutions in Brussels is one way -- perhaps an effective way -- to "forge the more mature and viable (Atlantic) partnership" envisaged in Mr. Nixon's new State of the World report...The array of Atlantic issues cited by the President fully justified his contention that the time has come to reevaluate an alliance that "has not kept pace with the changed international environment." While committed to 1973 as the "Year of Europe," his report suggested that in diplomatic terms we might be moving more toward a half or a full decade of Europe. -- Editorial, *The Baltimore Sun*, May 4, 1973.

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