

# European Community



June - July 1978

## Green Light for Portugal Entry Talks



*EC Commission President Roy Jenkins and Lorenzo Natali, Vice-President responsible for enlargement, welcome Portugal's Foreign Affairs Minister Victor Sà Machado.*

EC foreign ministers agreed in June to open membership talks with Portugal as soon as possible after the summer vacation.

Ministers thereby accepted the formal Opinion, published in May, of the EC Commission, which said Portuguese membership would strengthen the EC's ideal of a united Europe. It also urged the EC to help Portugal prepare for entry through economic aid programmes.

To leave Portugal out of the Community would have grave political consequences, the Commission said, while its inclusion would ultimately bring benefits to the EC. Portugal's traditional ties with Latin

America, Africa and the Far East, for instance, would enhance the EC's world role.

Noting the major disparities in development between the EC and the prospective new member, the Commission said Portugal's real per capita wealth was lower than that of any EC state; inflation was running at 27 per cent, which was more than twice the EC average. Because Portugal would account for 3 per cent of the present EC population and only 1 per cent of its wealth, its accession would have limited economic impact on the EC •

## Pollution: Tougher EC Rules on Water and Gas

Fresh water pollution must be reduced to such a level that fish can live in the waters, and the amount of lead allowed in gasoline must be reduced to 0.40 grams/litre, according to two new EC directives adopted in May.

EC environment ministers also resolved to control and reduce accidental ocean pollution, such as oil spills, and to cut back the production and use of Freon, the propellant in aerosol.

Ministers have still to agree on rules to protect birds •

## Bonn to Work for Monetary Union

Germany will work for closer monetary union during its chairmanship of the EC Council of Ministers in the second half of the 1978.

Count Otto Lambsdorff, German Economic Minister, publicly commented that his country felt the path to such union lay through greater convergence of long-term economic policies of EC members. At the same time, he warned partners about what Bonn regards as a worrying rise of protectionism •

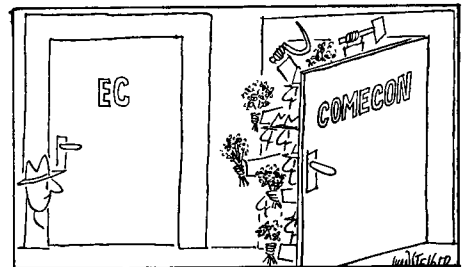
## EC, Comecon Start to Normalize Links

Comecon and the EC agreed in Moscow in May to exchange information in areas where both bodies share an interest, such as statistics, standardization and protection of the environment.

Further Comecon-EC talks will be held; at the technical level in July, and at the political level in October.

Wilhelm Haferkamp, EC Commission Vice-President in charge of external relations, said the two-day talks marked an important stage in the normalization of relations between the two organizations. Contact between the EC and Comecon began in 1975. Mr. Haferkamp, the first EC Commissioner to go to Moscow, suggested that one reason why relations were improving "slowly and haltingly" was that neither side knew much about the "complex machinery of the other's organization."

Comecon officials asked the EC for direct trading arrangements with Community members, but Mr. Haferkamp said that was not yet possible because



Comecon could not negotiate such arrangements for its members. Comecon's nine members — the Soviet Union, Poland, Czechoslovakia, Hungary, East Germany, Romania, Bulgaria, Mongolia and Cuba — have no common trade arrangements such as a uniform external tariff or free movement of goods among themselves; thus the EC does not regard Comecon as a comparable body.

Comecon has no formal links with the EC and none of its members has diplomatic relations with the Community •

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## Jenkins to Visit China



President Roy Jenkins greets China's Deputy Prime Minister Ku Mu in Brussels.

EC Commission President Roy Jenkins will visit China after External Affairs Commission Vice-President Wilhelm Haferkamp leads an EC delegation to Peking this autumn.

During the visit in May of China's Deputy Prime Minister Ku Mu, Mr. Jenkins said that the recently signed EC-China trade agreement was a politically significant framework and it was necessary to put into it specific ideas for developing cooperation and trade. The EC wanted to make the trade agreement an "exemplary success", said Mr. Jenkins.

Mr. Haferkamp's delegation to China will include, in a first for official EC visits, European politicians and businessmen •

## More Jobs Needed

Achieving full employment through job creation and training policies is to be the EC's main objective, the Commission's latest Social Report says.

Unemployment ran to almost 6 per cent (about six million) at the end of 1977 — the highest ever for the EC. The real increase in the gross domestic product was only about 2 per cent during the year.

The Report attributes the sluggish economic growth to the fall in external demand and the decline in intra-Community trade. Sectors which had greatest difficulty were the iron and steel, coal, textile and clothing industries. Hard hit as well were the youth of the EC — one third of the unemployed are under 25.

Advanced technology industries would be well suited for job creation programmes. The Report also proposes vocational training programmes •

## Few Firms Dominate EC Markets

What do Coca Cola, Bacardi and Danske Sukkerfabrikka have in common? They share the top spot in corporate concentration in EC product markets.

A survey in the Commission's annual Report on Competition Policy found that many product markets are so heavily dominated by a few companies or a single product that any further concentration would "seriously endanger" competition in these sectors.

In Denmark, Danske Sukkerfabrikka has 85 per cent of sugar sales; in Britain, Bacardi takes 80 per cent of white rum sales; and in Belgium, Coca Cola has almost 80 per cent of cola beverage sales. The survey cites over 100 other cases in which the market leader's share is more than 50 per cent of total market sales. In no case is the market leader's share under 25 per cent. Most of the products listed are commonly used consumer items like food, drink and electrical goods •

## Joint Action Urged to Revive Economy

EC members could easily fall short of their annual growth rate target of 4.5 per cent by 1979, unless they take collective action. In a paper prepared by Economic Affairs Commissioner François-Xavier Ortoli, the EC was told that its combined growth rate would not exceed 3.5 per cent, and could be as low as 2.5 per cent, if measures were not taken promptly.

The paper says the effect of all nine members acting together would be a much faster growth rate, with less budgetary and balance-of-payments problems for weaker member states, than if each country acted in isolation •

## EC Drafts \$20 Billion Budget

EC spending will be up 15.5 per cent in 1979, according to the Commission's draft budget. The EC had hoped to keep the increase to 12.5 per cent, but the farm-price supports package made the extra rise necessary, said Budget Commissioner Christopher Tugendhat. Farm price supports account for 65.4 per cent of the proposed \$20,000 million budget •

## EC to Save and Seek More Energy

EC member states will jointly fund research on saving energy and developing alternative energy sources, a Council of Energy Ministers agreed in May.

Experts will look at possibilities of using wind, wave, solar and tidal power; geothermic fields and the liquefaction and gasification of solid fuels •

## UK Labour to Fight Direct Elections

British Labour candidates will contest the first direct elections to the European Parliament next year. This decision by the Labour Party's policy-making body puts an end to threats of an election boycott by the Party conference, which is opposed to the direct elections.

The Party is, however, still split on the question of the "dual mandate", which is simultaneous membership in the British and the European Parliaments •



Belgium recently issued these four stamps as a "European Action" series. One honours Belgium's Paul-Henri Spaak, a "founding father" of the EC; others mark the first European Parliament elections, the 20th anniversary of the Rome Treaties (setting up the Common Market and Euratom in 1958), and the 25th anniversary of the creation of the European Conference of Transport Ministers •



Railway workers demonstrating outside the EC Commission headquarters in Brussels in May. They were demanding better working conditions and fair rules of competition with other forms of transport •



Common EC rules to regulate radio interference inspired this "pop" cover for the UK Government's "heavy" weekly *Trade and Industry* •

## Easier EC Insurance

Co-insurance will be easier among EC member states, following the adoption of an EC directive. The new rules simplify the insurance process by coordinating laws and administrative provisions.

Co-insurance — when several insurers combine to cover a risk that is too large for one party to assume alone — applies to most types of direct insurance, except for life insurance, where there are multiple insurers. At present, some member states have co-insurance, but non national insurers are excluded.

The co-insurance directive is a step towards the creation of a common market for insurance generally, as part of the long-term goal to remove national restrictions on the provision of professional services •

## Bankruptcy Rules Would Protect Workers

Should the boss go bankrupt, his workers will lose their jobs but not any back pay or other benefits due, under a new EC Commission proposal.

The plan calls for member states to set up their own institutions that will pay outstanding claims to employees, should the employer become insolvent, regardless of available assets or bankruptcy proceedings.

The Commission noted that employees are not sufficiently protected by existing bankruptcy legislation throughout the EC, and that the number of bankruptcies is growing •

## Modest Rise in Farm Prices

EC farm support prices for the 1978-79 season will increase by an average 2.25 per cent, the lowest increase in a decade. After debates which carried over into two late-night marathon sessions, agricultural ministers agreed in May on 1.25 to 2.5 per cent increases for wheat, beef, milk and sugar. Last year's increase in farm support prices averaged 3.9 per cent.

The EC Council also agreed to a five-year, \$2-billion programme to modernize Mediterranean agriculture.

Ministers adopted marketing measures to help wine farmers, control over-production and boost consumption of dairy products •

## Better Baby Care

More European babies live through infancy today than ever before. Infant mortality rates show that improved health-care has drastically curbed the number of infant deaths over the past 25 years.

In 1950, the infant mortality rate was 55.5 deaths per 1,000 live births in Germany, 53.4 in Belgium, 52 in France and 31.4 in Britain. By 1972, the figures had dropped to 22.5 for Germany, 20.5 for Belgium, 16.0 for France and 17.6 for Britain •

## EC Tax Officers to Join Forces

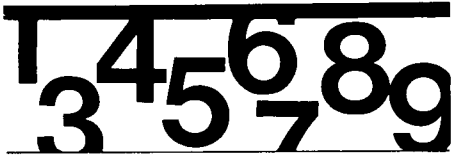
To tackle the problem of tax fraud and evasion involving value-added taxes, the EC Commission is urging that national tax officers step up exchanges of information and assistance in investigations. Officials would in particular boost surveillance of tax claims, following cases of tax evasion and illegal reimbursements on fictitious goods •



Journalists waiting for agriculture ministers to break the deadlock on the annual package of guaranteed prices to EC farmers •

## Euroquote

"I don't see why being a member of the EEC should have any adverse effect on the British monarchy. As far as I know, there are no plans to extend the idea of the Common Agricultural Policy to include a Common Monarch Policy as well!"  
Britain's Prince Charles, quoted in *Time* •



## EC Diary

### May

- 18-20** Official visit to Yugoslavia by EC Commission Vice-President Henk Vredeling.
- 19** EC Commission publishes Opinion on Portugal's application to join the EC.
- 25** Official visit by Turkish Prime Minister Bulent Ecevit to EC Commission.
- 29** Chinese Deputy Prime Minister Ku Mu visits Commission.
- 30** EC Energy Council adopts programmes on energy saving and research into alternative energy sources.
- 30** EC—Comecon talks in Moscow
- 30** EC Environment Council adopts proposals on quality of bathing waters and on quantity of lead in gasoline.
- 31** 20th anniversary of EC Economic and Social Committee.

### June

- 1** Entry into force of EC/China non-preferential trading agreement.
- 6** Indian Prime Minister Moraji Desai visits EC Commission.
- 13** EC's Director-General for Energy, Leonard Williams, addresses 18th annual conference of Canadian Nuclear Association.
- 19** Representatives of EC, US and Japan confer in Washington on GATT negotiations.

### July

- 7-9** European Council due to meet in Bremen, Germany.
- 16-17** World economic summit in Bonn, Germany
- 24** Opening in Brussels of formal negotiations on Lomé II Convention.

The following press releases have recently been issued by the Delegation; copies are available on request.

EC's Enlargement: Politically "Yes", Economically "But" NR (78) 20.

How The EC Seeks To Restructure Ailing Industries NR (78) 21.

What The EC Is Doing To Provide More Jobs NR (78) 22.

Portugal's EC Entry Bid: Unequivocal "Yes" Urged NR (78) 23.

Energy Requirements and Nuclear Power in Europe NR (78) 24.



## EC In Print

The following EC publications are available, free of charge, from the European Community Information Service, 350 Sparks Street, Suite 1110, Ottawa, Ontario K1R 7S8.

Sheep Meat. Situation in this sector in the European Community and in the World. Newsletter on the Common Agricultural Policy. No. 6. June 1977.

Small and Medium-Sized Enterprises in the Community Context. Economic and Social Committee. 1978.

Eurostat News. 1/2 1978.

Euronet. The European On-Line Information Network. Second Edition.

European Union — Annual Reports for 1977. Supplement 8/77.

Industrial Change and Employment. Economic and Social Committee. 1978.

The Customs Union European Documentation. 1977/5.

### Information Notes

Conference: Palais d'Egmont, Brussels. The Customs Union: Achievements and Prospects.

The European Community and the Third World.

The European Community and the Arab World.

The following selection of official EC publications can be obtained from the Office of Official Publications of the European Community, Post Office Box 1003, Luxembourg.

The European Community, International Organizations and Multilateral Agreements ..... \$6.20

Eleventh General Report on the Activities of the European Communities. 1977 ..... \$5.60

A Study of the Evolution of Concentration in the Food Distribution Industry for the United Kingdom ..... \$7.60

A Study of the Evolution of Concentration in the Press and General Publishing Industry in the United Kingdom .... \$5.00

Community Action in the Cultural Sector. Bulletin Supplement 6/77 ..... \$1.40

Eurostat. Yearbook of Agricultural Statistics ..... \$7.20

### Others

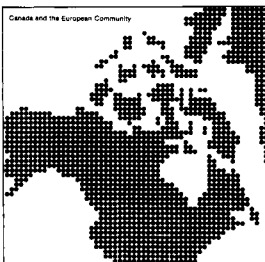
European Elections and National Politics. Carol Edler Baumann. West Europe Series. Field Staff Report. Vol. XII. No. 4. American Universities Field Staff Inc., 535 Fifth Avenue, New York, N.Y. 10017.

Fisheries of the European Community. Fishery Economics Research Unit. White Fish Authority. 10 Young Street, Edinburgh, EH2 4JQ. Scotland.

## New EC-Canada Brochure

The EC Information Service in Ottawa has prepared a short illustrated brochure describing the EC and its relations with Canada.

Please fill in the form below if you wish to receive a free copy



Please send me a copy of "Canada and the European Community".

Name: \_\_\_\_\_

Address: \_\_\_\_\_

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Juin - Juillet 1978

## Feu vert pour le Portugal



M. Roy Jenkins, président de la Commission de la C.E. et M. Lorenzo Natali, vice-président chargé de l'élargissement, accueillent le ministre des Affaires étrangères du Portugal, M. Victor Sà Machado.

Les ministres des Affaires étrangères de la C.E. se sont mis d'accord pour commencer les entretiens sur l'adhésion du Portugal aussi rapidement que possible à la rentrée de septembre.

Les ministres ont adopté l'Avis publié en mai par la Commission de la C.E., qui affirmait que l'adhésion du Portugal renforcerait l'idéal de la Communauté européenne d'une Europe unie. L'Avis a aussi recommandé à la C.E. d'aider le Portugal à préparer son entrée grâce à des programmes d'aide économique.

Ecarter le Portugal de la Communauté aurait de graves conséquences politiques, a déclaré la Commission, alors que son adhésion serait ultimement bénéfique pour l'ensemble de la Communauté. Les liens

traditionnels du Portugal avec l'Amérique latine, l'Afrique et l'Extrême-Orient renforceront le rôle mondial de la C.E.

Soulignant les écarts de développement importants entre la C.E. et ce candidat, la Commission a déclaré que la richesse réelle per capita du Portugal était inférieure à celle des autres Etats membres, et que son taux d'inflation qui atteint 27 pour cent, était deux fois plus élevé que celui de la moyenne enregistrée dans la C.E. Mais pour la Communauté, l'accession du Portugal, qui ne représente que 3 pour cent de la population de la C.E. et 1 pour cent de ses richesses, n'aurait qu'un impact économique limité •

## La C.E. combat la pollution

La C.E. a adopté en mai deux nouvelles directives techniques visant à réduire la pollution. L'une détermine les normes de propreté auxquelles doit satisfaire une rivière pour pouvoir être déclarée piscicole; la seconde fixe la teneur maximum du plomb dans l'essence à 0.40 gramme par litre.

Les ministres des Neuf chargés de l'Environnement se sont aussi mis d'accord sur une série de mesures pour contrôler et réduire la pollution de la mer par les hydrocarbures et pour réglementer plus sévèrement l'utilisation du fréon en aérosol.

Les ministres doivent toutefois encore s'entendre sur les règlements à adopter pour une meilleure conservation des oiseaux •

## Bonn face à l'union monétaire

Durant sa présidence au Conseil des ministres pour le deuxième semestre de l'année 1978, l'Allemagne travaillera en vue d'une plus grande union monétaire.

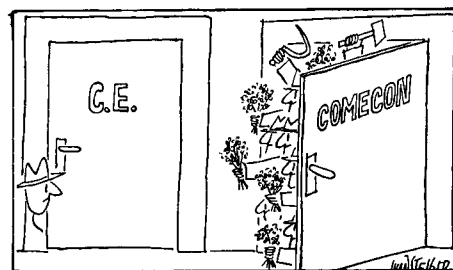
Le Comte Otto Lambsdorff, ministre allemand de l'Economie, a déclaré que son pays croyait fermement qu'une telle union devrait suivre la voie d'une convergence des politiques économiques à long terme des membres de la C.E. D'autre part, il a mis ses partenaires en garde contre ce que Bonn considère être une montée inquiétante du protectionnisme •

## La C.E. et le Comecon: vers une normalisation des relations

La C.E. et le Comecon ont convenu à Moscou en mai dernier d'engager un échange permanent d'informations dans les secteurs d'intérêt commun tels que les statistiques, la standardisation et la protection de l'environnement.

Les entretiens se poursuivront en juillet à un niveau technique et en octobre à un niveau politique.

M. Wilhelm Haferkamp, vice-président de la Commission des Communautés européennes chargé des Relations extérieures, a déclaré que ces deux jours de pourparlers constituent un pas important vers la normalisation des relations entre les deux organisations.



Un premier contact entre la C.E. et le Comecon a été établi en 1975. M. Haferkamp, le premier commissaire de la C.E. à se rendre à Moscou, explique que "l'une des raisons de l'amélioration lente et hésitante des relations C.E.-Comecon consiste dans le fait que chaque partie ne dispose que d'une connaissance insuffisante des mécanismes complexes de l'autre organisation".

Les représentants du Comecon ont demandé à la Communauté de conclure des arrangements commerciaux directs avec ses Etats membres, ce à quoi M. Haferkamp a répondu que cela ne s'avérait pas encore possible puisque le Comecon n'est pas investi des pouvoirs de négocier de tels arrangements au nom de ses membres. Les neuf membres du Comecon, à savoir l'Union Soviétique, la Pologne, la Tchécoslovaquie, la Hongrie, l'Allemagne de l'Est, la Roumanie, la Bulgarie, la Mongolie et Cuba, n'ont pas conclu entre eux d'ententes commerciales communes établissant des tarifs uniformes pour le commerce extérieur ou permettant la libre-circulation des biens. La C.E. ne considère donc pas le Comecon comme une entité comparable.

Le Comecon n'a pas de liens officiels avec la C.E. et aucun de ses membres n'a établi de relations diplomatiques avec la Communauté •

# 2

## Le président Jenkins se rendra en Chine



Le président Roy Jenkins rencontre à Bruxelles M. Ku Mu, vice-premier ministre de la République populaire de Chine.

Le président de la Commission de la C.E., M. Roy Jenkins, se rendra en Chine après que M. Wilhelm Haferkamp, vice-président de la Commission chargé des Relations extérieures, ait dirigé une délégation de la C.E. à Pékin l'automne prochain.

Lors de la visite en mai du vice-premier ministre de la Chine, M. Ku Mu, M. Jenkins a déclaré que l'accord commercial signé récemment par la C.E. et la Chine constituait politiquement un cadre très important et qu'il était nécessaire d'y ajouter de la substance dans le domaine de la coopération et du commerce. M. Jenkins a dit que la C.E. entendait faire de cet accord commercial "un succès exemplaire".

La délégation conduite par M. Haferkamp en Chine, laquelle constitue la première visite officielle pour la C.E., comprendra des politiciens et hommes d'affaires européens •

## Le parti travailliste britannique dans la course

Les candidats du parti travailliste britannique entreront dans la course pour les premières élections au suffrage universel du Parlement européen l'année prochaine. Cette décision prise par l'exécutif du parti travailliste met fin au chantage quant au boycottage éventuel des élections par le congrès du parti, lequel d'ailleurs est opposé aux élections directes.

Le parti est néanmoins encore divisé quant à la question de la double représentativité à la fois aux parlements britannique et européen •

## La concentration des entreprises: des marchés alléchants

Quel est le point commun entre Coca-Cola, Bacardi et Danske Sukkerfabrikka? Ils tiennent tous trois le haut du pavé pour ce qui est de la concentration des entreprises dans les marchés de produits de la C.E.

Une enquête réalisée par la Commission et publiée dans son Rapport annuel sur la politique de concurrence, révèle que certains marchés de produits sont à ce point dominés par quelques compagnies, voire même par un seul produit, qu'une plus grande concentration compromettrait sérieusement la concurrence dans ces secteurs.

Danske Sukkerfabrikka, au Danemark, détient 85 pour cent du marché du sucre; en Angleterre, Bacardi prend 80 pour cent du marché du rhum blanc, et Coca-Cola s'accapare 80 pour cent du marché des boissons à base de cola en Belgique. L'étude énumère plus de 100 différents cas dans lesquels la part d'une entreprise est supérieure à 50 pour cent du marché. Dans aucun des cas la part du marché de l'entreprise dominante n'était inférieure à 25 pour cent. La plupart des produits cités par cette enquête étaient d'usage courant: alimentation, boissons et articles électriques •

## Créer de nouveaux emplois

Selon le plus récent Rapport sur les Affaires sociales publié par la Commission, l'objectif primordial de la C.E. devrait être d'atteindre le plein emploi en suscitant la création de nouveaux emplois et en élaborant des politiques de formation professionnelle.

Le chômage a atteint presque 6 pour cent à la fin de 1977, touchant environ 6 millions de travailleurs, soit le plus haut taux jamais enregistré à l'intérieur de la C.E. L'accroissement réel du produit national brut durant l'année 1977 a été de 2 pour cent.

Cette piètre croissance économique peut être attribuée, selon le Rapport, à la chute enregistrée de la demande étrangère et au déclin du commerce intra-communautaire. Les secteurs industriels les plus en difficulté sont le fer et l'acier, le charbon, les textiles et les industries du vêtement. Les jeunes ont été également très touchés: un tiers des chômeurs ont moins de 25 ans.

Les industries de technologie de pointe pourraient fort bien se prêter à des programmes de création d'emplois. Le Rapport recommande aussi la mise sur pied de programmes de formation professionnelle •

## Economisons l'énergie

Les Etats membres de la C.E. financeront conjointement des projets de recherche sur la conservation de l'énergie et l'exploitation de sources énergétiques alternatives, faisant suite à une décision du Conseil des ministres de l'Energie de mai dernier.

Ces projets couvriront les possibilités offertes par l'énergie solaire, l'énergie des vagues, des marées et des vents de même que les gisements géothermiques, la liquéfaction et la gazéification de combustibles solides •

## Un budget de \$20 milliards

Une proposition de budget de la Commission prévoit une augmentation des dépenses de la C.E. de l'ordre de 15.5 pour cent en 1979. La C.E. avait espéré maintenir la hausse à 12.5 pour cent, mais les garanties d'engagements agricoles ont rendu nécessaire cette augmentation additionnelle, a déclaré M. Christopher Tugendhat, commissaire responsable du Budget. Les garanties d'engagements représentent 65.4 pour cent des \$20 milliards du budget proposé •



La Belgique a récemment émis ces quatre timbres-poste dans le cadre du programme "Action européenne". L'un rend hommage au belge Paul-Henri Spaak, l'un des pères fondateurs de la C.E.; les autres soulignent respectivement les premières élections au Parlement européen, le 20ème anniversaire de la mise sur pied en 1958 du Marché commun et de l'Euratom et un autre commémorant le 25ème anniversaire de la création de la Conférence européenne des ministres des Transports •