

European Community



November — December 1978

EC Monetary System Launched

To promote worldwide economic and monetary stability, the EC has launched a broad scheme for closer monetary cooperation in Europe.

Meeting in Brussels as the European Council, EC heads of government agreed on 5-6 December that a European Monetary System (EMS) be set up on 1 January 1979.

All nine member countries of the Community will belong to the EMS, although initially, at least, the United Kingdom and Ireland will not participate in the exchange rate and intervention mechanism. British Prime Minister James Callaghan informed his fellow leaders that he would not, at this stage, propose to the British Parliament that the United Kingdom enter into the exchange rate mechanism. He stated that it was UK policy to maintain a stable rate for the pound sterling.

The EMS is a development based on the European joint float system known as the 'snake'. France and Italy are the two EC members not in the existing snake that will join the EMS from the start.

In broad outline, the EMS will link the exchange rates of member currencies through central bank intervention on foreign exchange markets. Central banks will have at their disposal a pool of reserves totalling US \$33 billion, based on 20 per cent of their gold and foreign reserves, and will use a new reserve unit known as the European Currency Unit (ECU) to record transactions. ECU was the name of a gold coin used in France before the French Revolution.

A country whose currency moves out of line will be expected to take economic, monetary and other appropriate measures.

In addition, up to US \$1.3 billion will be available in the form of low-interest, five-year loans to help less prosperous EC states strengthen their economies.



French President Valéry Giscard d'Estaing with British Prime Minister James Callaghan at the December meeting of the EC heads of government in Brussels.

Three "wise men" chosen

Summit leaders also reached agreement on two other Community questions:

They adopted a French proposal that a group of "Three Wise Men" report on the institutional problems that will be created by Greece, Spain and Portugal joining the EC in the 1980s.

Former Dutch Prime Minister Barend Biesheuvel, former EC Commission Vice-President Robert Marjolin of France, and Edmund Dell, until recently British Trade Secretary, will draft the document.

Leaders also agreed that salaries of the members of the EC's first directly elected parliament, be based on those of the national parliaments subject to national taxes, and supplemented by allowances •

Jean Monnet Turns 90

Jean Monnet, who in 1950 drew up the Schuman plan for the first Community, which led to a common market for coal and steel, turned 90 on 9 November. In a birthday message to Mr. Monnet, EC Commission President Roy Jenkins said, "We celebrate your birthday at a moment when the European Community has a greater sense of momentum and dynamism than for some years past. There are risks as well as opportunities in the way ahead, but we shall be constantly guided and inspired by your work and example".



In further tribute to Jean Monnet, James Reston of the New York Times wrote, "It's a relief to read the Memoirs of Jean Monnet, who turned 90 this week and can still make the democratic process seem coherent and even noble. We do not talk much about great men these days, since they are in such short supply, but Monnet reminds us that there are still men of France, worthy successors of Alexis de Tocqueville and Paul Valéry, who stick to the honour of the mind and believe in the ultimate unity of the western nations."

In the spring of 1950, in the shadow of the Cold War, Jean Monnet devised his plan for the unification of Europe, securing the help of such statesmen as France's Robert Schuman and Germany's Konrad Adenauer •

New EC Delegations in Middle East, Asia

The EC Commission is to open delegations in Egypt, Lebanon, Syria, Jordan, Israel, Austria and Thailand. The offices in North Africa and the Middle East will help the Community carry out its cooperation agreements signed with countries in that region.

The Vienna office will handle relations with the International Atomic Energy Agency and other international organizations based there.

The delegation in Bangkok will be responsible for the Commission's relations with ASEAN, the Association of South East Asian Nations •

Talks on EC-ASEAN Pact

Talks will start soon on a cooperation agreement between the EC and the Association of South East Asian Nations (ASEAN)

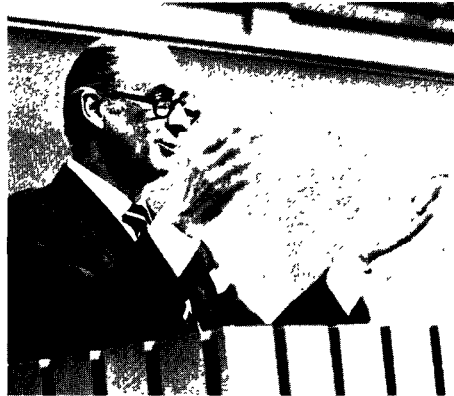
The decision was taken in Brussels in November at the first meeting of the two groups' foreign ministers.

The ASEAN countries — Indonesia, Malaysia, the Philippines, Thailand and Singapore — banded together in 1967. With

a population of 241 million, they have the fastest economic growth rate of any trading bloc in the world. Their trade with the EC has risen by 230 per cent in the past four years. The EC accounts for over 14 per cent of ASEAN's trade •

Delegation Head Visits Saskatchewan, Manitoba

Possibilities for cooperative joint ventures between local firms and European companies were good, Curt Heidenreich, Head of the EC Commission Delegation, told Saskatchewan and Manitoba business leaders and senior government officials during his first official visit to the provinces in November. He said he was impressed by the remarkable diversity of skills and industries available.



Head of Commission's Delegation in Ottawa Curt Heidenreich

In public speeches he outlined the EC's development and current efforts to boost EC-Canada trade. Mr. Heidenreich believed that promising sectors included health-care products and aerospace in Manitoba and uranium exploration and mining, food processing, and telecommunications and electronics in Saskatchewan •

EC Proposes Comecon Compromise

EC Commission Vice-President Wilhelm Haferkamp in November proposed a compromise to the Council for Mutual Economic Assistance (COMECON) that would overcome obstacles to negotiating a trade agreement.

He said the agreement should be concluded by the EC, on one hand, and by COMECON and its member states, on the other. The EC would agree to the inclusion of an article stressing the importance of developing trade, provided it stipulated that this be done through trade agreements between the EC and each individual COMECON member country.

If the compromise were accepted in principle, the negotiations could be concluded by June 1979, he said •

Ten-Year Transition for Spain

After joining the EC, Spain should have a transition period of up to ten years, possibly less for some sectors of its economy. This recommendation came in the Commission's formal Opinion in favour of Spain's membership of the EC, announced in November.

Commission Vice-President Lorenzo Natali said: "Spanish accession to the Community constitutes a fundamental test of its capacity to reinforce itself or dilute or, worse, to splinter" •

EC-Canada Workshop

The newly formed European Politics Group of the Canadian Political Science Association held its first workshop, on "The European Community and EC-Canada Relations", in Ottawa on 11-13 December. The group was established in May 1978, in an attempt to promote cooperation among Canadian university teachers of Western Europe and EC-Canada relations and to develop closer links with Government and the general public.

The group visited the EC's Ottawa Delegation, where the Head of the Delegation, Curt Heidenreich, and the First Secretary (Commercial) Johannes Van Rij, addressed the gathering on Canada's significance to the European Community.

Briefings were also given by officials of the Department of External Affairs and of Industry, Trade & Commerce and by members of Parliament •

EC Bankers Seek Changes in Ottawa Draft

Representatives of the European Banking Federation appeared before the House of Commons Finance Committee, in Ottawa, in November to urge changes in proposed new Canadian banking legislation. They claimed that while the draft would allow foreign banks to set up subsidiaries in Canada, it would impose so many restrictions that they would be forced into the stature of "mini-banks".

The federation pointed out that most of the Nine allow Canadian banks to set up within their borders under more generous conditions.

In a later statement, Bank of Canada Governor Gerald Bouey said he welcomed competition from foreign banks, but that limits were needed to ensure that Canadian banks did not face unfair pressure •

EC Seeks Better Conditions in Third-World Factories

To improve working conditions in third-world factories, governments of developing countries should meet internationally accepted minimum standards, Claude Cheysson, EC Commissioner for aid policy, proposed in November.

Initially, Mr. Cheysson said, the EC should aim to secure observance of three minimum work conditions, all long recognized by the International Labour Organization (ILO):

- No child under 14 years of age should be employed in heavy industries; a minimum age should also be fixed for the employment of children in dangerous or unhealthy places and at night.

- The maximum hours worked a week should not exceed 48 in any circumstances (an ILO norm since 1919);

- Employees should be ensured equality of opportunity and treatment irrespective of race, colour, religion or sex.

Mr. Cheysson said the Commission had looked at the possibility of including a minimum wage among these basic conditions. But economic conditions varied so widely in the developing world that it would have been impossible to arrive at a clear and workable definition. A stipulation concerning basic trade union rights raised similar difficulties.

Some exceptions from the rules proposed by the Commission would be allowed for farms, cottage industries and small firms or family businesses that did not normally hire outside labour.

If there was a suspicion that the norms were being violated, the European Commission would, either at its own initiative or at the request of a member state, ask the ILO to conduct an inquiry on the spot in the country concerned.

If the suspicion proved founded, consultations would be opened as a first step with the government of that country. If the abuse persisted, the EC would suspend aid and trading privileges.

This would mean, for example, that exports to the EC produced by the industrial sector of the offending state would no longer be exempt from tariffs and other taxes. Financial aid to industrial projects where basic norms were not observed would also be stopped •

Progress in Greek Entry Talks

Greece's entry to the Community is coming closer, as Greek and EC officials work out many of the necessary details.

Negotiators agreed in November that Greece should have one Commissioner, five votes in the Council of Ministers and 24 members in the European Parliament. Greece also indicated its support for the European Monetary System.

Both sides hope to complete the entry negotiations in early 1979; among remaining issues are agriculture, free movement of workers and the length of the transition period.

In October, the Commission proposed that a transition period of five to seven years be allowed for Greece to integrate its agricultural system with the Common Agricultural Policy. This period, to begin at the time of formal entry (now set for early 1981), would allow Greece to adjust its farm prices gradually to higher EC prices •

Aeronautics Firms Visit EC

Representatives of 11 Canadian aeronautics firms visited the EC in November, to investigate possibilities of working with European companies.

The firms were De Havilland Aircraft; Boeing of Canada; Bristol Aerospace; Fleet Industries; Aviation Electric; Canadair; Pratt and Whitney Aircraft; Canadian Aircraft Products; Computing Devices; Garrett Manufacturing; and Northwest Industries.

Mr. C.B. Smith, leader of the Canadian mission, expressed the desire to establish some sort of mechanism in order to keep informed of future planning in the EC so that EC-Canada cooperation would be explored at an early stage •

Steel Plan Extended

EC foreign ministers have agreed that the crisis plan for the Community's steel industry should be continued in 1979 in order to restore the industry's competitive position. They renewed the Commission's mandate to continue discussions with the main non-EC suppliers of steel •

EC Smokes on

Despite an EC-wide anti-smoking campaign, an EC survey shows that smoking is on the decline only in Britain and France.

The survey shows fewer male smokers, an increase in women smokers and no change among young people •

EC Looking to Nuclear Energy

The European Community was looking to nuclear energy eventually to provide up to one half of its electricity and almost one fifth of its total energy, the Head of the EC Commission's Delegation in Ottawa, Curt Heidenreich, told a nuclear energy conference in Mont Ste Marie, Quebec, in November.

He noted that Euratom (European Atomic Energy Community) signed a nuclear cooperation agreement with Canada in 1959; subsequently, the EC had developed with Canada a programme to exchange research information, while EC industries had become active in the field of uranium exploration in Canada.

"Nuclear cooperation is an important element in the framework agreement between the EC and Canada", Mr. Heidenreich said.

The Conference on Canadian Nuclear Policy was sponsored by Carleton University's School of Public Administration, its Norman Paterson School of International Affairs, and the Science Council of Canada •

Ottawa Workshop on EC Antitrust Rules

Canadian officials and businessmen from over 40 firms and associations had a chance to learn more about the EC's antitrust regulations when Jean Verges, a senior official in the Commission's Competition department, addressed a workshop in Ottawa in November.

The meeting was arranged as part of the continuing EC-Canada collaboration under the Joint Cooperation Committee, the body set up to carry out the EC-Canada Framework Agreement •



Prince Charles meets President Jenkins on 30 November — the first visit to EC Commission headquarters in Brussels of a member of the British royal family •



The EC stand at the international book fair held in Montreal in November.

More than 300 publishers displayed their publications at the show, which drew more than 100,000 people in six days •

"Eurolawyers" Make Their Debut

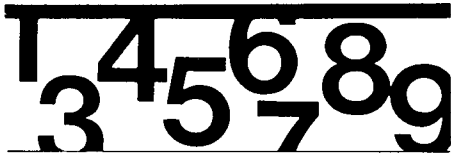
The Commission in October issued the first "passports" to lawyers of each member country. The professional identity card helps the lawyer in establishing his credentials when acting for a client in another EC country.

The Rome Treaty provides that in order to ease the professional activities of self-employed persons, the Council of Ministers must issue directives for the mutual recognition of professional qualifications. In March 1977, a directive was issued enabling lawyers to provide services within the Common Market.

The directive laid down that each country recognize as a lawyer anyone legally qualified in an EC state. No member state has yet passed any legislation pursuant to the directive, which is due to take effect on 22 March 1979 •

EC a "Fine Example" — Trudeau

"The European Economic Community is perhaps the finest example of once hostile countries forming economic links in the aftermath of a terrible war. An important part of their purpose was to create a relationship of interdependence that would make another war not only unthinkable, but impossible" — Prime Minister Pierre Trudeau, in a speech delivered on 9 November at a state dinner in Toronto in honour of visiting Israeli Prime Minister Menachem Begin •



EC Diary

November

8-10 Head of EC Commission's Delegation, Curt Heidenreich, addresses Conference on nuclear policy at Mont Ste. Marie, Quebec.

9 Chief US Negotiator at GATT, Robert Strauss, visits EC Commission.

20-21 Foreign Ministers of EC and Association of South East Asian Nations (ASEAN) agree in Brussels to promote economic and political cooperation.

20-29 Representatives of Canadian aeronautic firms visit EC to investigate cooperation prospects.

22 EC Commission's Opinion on Spain's bid to join EC recommends ten-year transition period.

22 Head of the EC Commission's Delegation Curt Heidenreich addressed Kitchener and Waterloo Chambers of Commerce and the Kitchener-Waterloo branch of the Canadian Institute of International Affairs in Kitchener.

22-25 EC Commission Vice-President Wilhelm Haferkamp proposes compromise agreement to Comecon delegation in Brussels.

27-30 EC-US high-level consultations in Washington. Mr. Haferkamp meets US President Carter.

30 Prince Charles visits EC Commission

December

4-5 Canadian business and Government representatives hold talks with EC on asbestos in Brussels.

4-5 Meeting in Brussels, EC heads of Government agree to launch European Monetary System.

8 Turkish Foreign Affairs Minister Gunduz Okcun meets Commission President Roy Jenkins in Brussels.

8-9 EC-Japan high-level consultations in Brussels.

11 Spanish minister in charge of enlargement Calvo Sotelo, visits Commission.

14-15 Foreign Ministers of EC and Association of South East Asian Nations hold talks.

14-17 EC Commission President Roy Jenkins visits US for meetings with President Carter, Secretary of State Cyrus Vance and other members of the Administration and Congress.



EC In Print

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

Progressive Establishment of Balance on the Market in Wine. Action Programme 1979-1985 and Report from the Commission. Bulletin Supplement. 7/78.

Employment in Agriculture. Economic and Social Committee. Brussels. 1978.

Radiation Protection Research in the European Communities. Information R & D No. 14.

The People's Republic of China and the European Community. Europe Information. 13/78.

Equal Opportunities and Vocational Training. Seminar Report. Berlin, 28-30 September 1977. European Centre for the Development of Vocational Training.

Greece and the European Community. Europe Information 14/78.

The Lomé Convention and the Evolution of EEC-ACP Cooperation. Information Memo, P-74/78.

Ivory Coast and the Lomé: Tremendous Opportunities. Europe Information, September 1978.

The Attitude of the Working Population to Retirement. Supplement. Eurobarometer. No. 8.

Monetary Disorder. Opinion. Economic and Social Committee of the European Community. Brussels. 1978.

The European Community Today and Tomorrow.

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

Balance of Payments. Geographical Break-down. 1972-76. Yearbook. 1977 \$21.50

Methodology of EC Index of Producer Prices of Agricultural Products. 1968-1975. \$10.00

Statistical Yearbook Transport, Communications, Tourism 1976. \$21.65

The Rules Governing Medicaments in the European Community. 1978. \$5.90

Earnings in Agriculture. 1976. \$12.30

The Handicapped and their Employment. A Statistical Study in the Member States of the EC. 1978. \$8.00

A Study of the Evolution of the concentration in the Dutch Beverages Industry 1976. \$4.65

Bibliography on Women's Work. Documentation. Bulletin B/4. \$1 15

The Milk and Beef Markets in the EC. Information on Agriculture. No. 10. April 1976 \$10.10

Studies. Report of the Study Group on the Role of Public Finance in European Integration. Volume I. General Report. Economic and Financial Series. A-13. 1977 \$4.20

Studies. Report of the Study Group on the Role of Public Finance in European Integration. Volume II. Individual Contributions and Working Papers. Economic and Financial Series. B-13. 1977 \$12.50

Studies. Management Education in the European Community. Education Series. 4-1978 \$2.00

Studies. Apprenticeships in France. Social Policy Series. 29-1976 \$3.00

Others

The Mediterranean Challenge. Michael Leigh. Nine EEC Attitudes to Enlargement. Nicholas Van Praag. European Political Cooperation and the Southern Periphery. England: Sussex European Research Centre. University of Sussex. 1978.

The Court of Justice of the European Communities. Gregg Mylles. Ireland: Faculty of Law, Queen's University of Belfast. 1978.

European Monetary System After Bremen: Technical and Conceptual Problems. Paul de Grauwe and Theo Peeters. Paper 17 of International Economics Research, Catholic University of Louvain. September 1978.

The Regulation of Banks in the Member States of the EEC. Edited by Inter-Bank Research Organization in London. Netherlands: Lothbury, Sijthoff and Noordhoff. 1978.

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