

European Community NEWS

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PLAN FOR BROAD EC-ARAB COOPERATION ADOPTED

A plan for wide-ranging cooperation between the European Community and 20 Arab nations was adopted by the nine EC foreign ministers in Brussels on March 4. Announcing the plan at a press conference the same day, acting President of the Council of Ministers and German Foreign Minister Walter Scheel said he had been authorized to open talks with representatives of the "Twenty." Afterward, he said, the Ministers hope to set up joint EC-Arab working groups to discuss industry, technology, agriculture, transport, energy, and research. Finally, a full-scale conference of Arab and EC foreign ministers would be held.

These talks, according to Scheel, will neither affect Middle East peace efforts nor replace a world energy meeting under United Nations auspices. Furthermore, he said, this European approach to the Arab states and the bilateral agreements some Member States have made with several of these countries would complement each other. Any future EC-Israel dialogue, he added, would be of a different nature. The Community's Mediterranean policy would not be brought into the EC-Arab talks, Scheel said.

US Secretary of State Henry A. Kissinger was informed of the EC plan

by Scheel while visiting Brussels that day to brief the North Atlantic Treaty Organization Council on his recent trip to the Middle East.

JAPANESE IMPORTS NO CAUSE FOR ALARM

Japan's trade surplus with the European Community is high, but increasing EC exports to Japan is a better way of improving the balance than is cutting back imports, the Commission said February 20. The Commission responded to a written question from Pierre-Bernard Cousté, member of the European Parliament's Gaullist group, on what measures were planned to protect EC industry from growing Japanese imports. Japanese exports to the Community represent no more than about 3 per cent of total EC imports, which, according to the Commission, leaves room for trade expansion in both directions. Cousté had pointed out that Japanese imports grew more than 203 per cent from 1968-72.

Japanese authorities, the Commission said, are aware of the tendency of Japanese export growth to concentrate on certain products (tape recorder exports to Italy for example) and are ready to consider measures to avoid market disruption in particular cases. It also said it is keeping close watch on the situation which was discussed during EC Commission Vice President Sir Christopher Soames' September 1972 visit to Japan.

EC "MARRIAGE BUREAU" OFF TO GOOD START

The Common Market's corporation "marriage bureau," the Business Cooperation Center, got off to a good start, according to its first six-month report. The Center was set up in May 1973 to promote cooperation between small and medium sized firms in the nine Community Member States. Non-Community firms are not eligible for Center services. By the end of October, the Bureau had received over 600 requests for information and 582 requests to find partners. The average company size was about 250 employees. German and British firms showed more interest, followed by France and Italy. About 40 per cent of the requests for partners were contemplating financial links extending as far as a controlling interest or merger. The rest sought cooperation in production and marketing. Companies most interested in the Bureau's services were in the food, textile, and clothing industries as well as the structural and mechanical engineering and services sectors.

The Center circulated its first set of cooperation offers (42) at the beginning of October. Allowing a minimum of six months for negotiation between firms, possibly longer in the case of mergers, the first "marriages" should occur toward the middle of 1974.

ECOSOC REPORTS ON 1973 ACTIVITIES

In the first year since being given the right to initiate studies, the European Community's Economic and Social Committee (ECOSOC) compiled three studies and delivered 75 opinions to EC institutions, according to its 1973 activity report. ECOSOC was given the right of initiative at the October 1972 EC "Summit" meeting in Paris. Previously it could deliver opinions only when consulted.

ECOSOC is divided into three working groups -- employers, labor, and "various interests" -- essentially a consumer group, including agriculture,

artisans, small business, and professional bodies. The 144-member body held nine plenary sessions last year.

The Committee's recommendations included a call for:

- coordinating European Social Fund and Regional Development fund activities to remove regional imbalances
- representing "trade circles" on the regional aid-granting bodies
- creating an EC social policy which provides job security, reasonable incomes before and after retirement, and a healthy environment
- improving European Company Statute embodying worker participation and encouraging "technological progress and innovation"
- improving the common agricultural policy (CAP) by reviewing farm product price relationships, differences between farm and consumer prices, disparity of agricultural incomes and the consequences of increasing imbalances between milk and beef production, and speeding up modernization and integration of the CAP into other EC policies.

ECOSOC criticized the EC Commission study of energy problems for the period 1975-85, emphasizing the need for increased European reliance on local coal deposits and for long-term development of nuclear energy. A more positive approach to a common policy was necessary, ECOSOC said.

COMMISSION POLLUTION STUDIES CONTINUE

Technical measures to prevent pollution in the European Community's iron and steel industry will be examined at an information session sponsored by the EC Commission, September 24-25. Results of research and study projects in this field will be reviewed and forecasts analysed.

The Commission has also begun preparing a series of reports establishing criteria for evaluating the existence of noise and certain chemical pollutants in water and the atmosphere. The reports, covering such pollutants as carbon monoxide, lead, cadmium, mercury, and sulphur, will be completed this year.

TOWARD HARMONIZED CONSTRUCTION CODES

A report on goals and methods for harmonizing EC Member State building regulations is being prepared, at the Commission's request, by a group of national construction industry experts, Altiero Spinelli announced in a February 2 speech. Spinelli, Commissioner responsible for industrial affairs, spoke at the opening of the Constructa 1974 Fair in Hanover, Germany. He also said the Commission was working with trade and industry representatives to promote an action program for the building sector. The program would: establish a common nomenclature and framework for granting Community-wide validity to estimates, harmonize existing Member State construction codes and rules, and encourage research essential for the economic development of the industry and human welfare.

EIB FINANCING HIGHEST IN 1973

European Investment Bank (EIB) financing reached an all time high in 1973 due primarily to European Community enlargement and to increased efforts to improve EC energy supplies. During 1973, 72 EIB contracts were concluded totaling 816 million units of account (UA) (about \$984 million). This was 55 per cent higher than the 1972 total of UA 526 million (about \$635 million) for 39 contracts. Eight loans (totaling UA 96.5 million or \$116 million) were granted to the new EC members: three each to Britain and Ireland, and two to Denmark. About a third of the EIB loans (UA 227.8 million or about \$275 million) went toward improving energy supplies; more than 40 per cent above the 1972 figure, EIB loans in this sector went, for instance, for constructing German and French nuclear power stations and a French hydro-electric station, seabed drilling for hydrocarbons, and building natural gas pipelines between the Soviet Union and France and Italy.

As in 1972, most EIB loans (UA 424.5 million or about \$512 million) went for regional development or reconversion projects. Preference was given

to projects in Southern Italy and Sicily. Under the new EC-Turkey financial protocol, which went into operation in 1973, the EIB loaned UA 74.6 million (\$90 million) to help finance a variety of Turkish projects. The EIB also granted UA 10.9 million (about \$13 million) in loans to three of the Community's African Associates (Gabon, Cameroon, and the Ivory Coast).

PLANS FOR TRIPARTITE CONFERENCES UNDERWAY

Plans got underway for two tripartite conferences on the European Community's social policy and on the economic effects of the energy crisis at a February 18 meeting in Bonn, Germany. Governments, institutions, and the management and labor sides of industry will participate in these conferences which were requested by EC trade union organizations.

German Minister of Labor and Social Affairs Walter Arendt organized the meeting which was attended by his colleagues from other Member States as well as Patrick Hillery, Vice President of the Commission, responsible for EC social affairs.

SPERRY RAND ENDS SALES RESTRICTIONS

Sperry Rand, Ltd. of Frankfurt, Germany, ended price fixing and conditions restricting the supply and sale of Remington electric shavers, clocks, and appliances following EC Commission intervention in January. Sperry Rand is a subsidiary of the Sperry Corporation of New York. The company had been infringing competition by prohibiting German dealers from exporting or importing merchandise and wholesalers from selling to each other without prior written Sperry Rand consent. Additionally, wholesalers were not allowed to sell directly to consumers, while retailers were restricted to consumer sales.

Sperry Rand dropped these arrangements when told by the Commission that they infringed EC competition rules.

WORLD ENERGY USE DOUBLED IN LAST DECADE

World energy consumption nearly doubled between 1969 and 1972, growing at an annual average rate of 5.6 per cent, according to a report recently published by the Statistical Office of the European Community (EUROSTAT). The annual energy growth rate was slightly lower than the world average in the European Community (5.5 per cent) and the United States (5.1 per cent), higher in the original Community (6.8 per cent), and rose sharply in Japan (15.7 per cent). Annual petroleum consumption in the original EC-Six rose from 327 million to 641 million tons between 1960 and 1972. Japanese annual consumption, in 1960-71, rose from 90 million tons to 254 million tons of oil. In 1971, according to EUROSTAT, the EC-Nine consumed 840 million tons of oil, or about three times Japanese consumption, half US consumption (1,679 million tons), and about the same as the Soviet Union's (798 million tons).

The world's increasing use of energy, according to the report, was marked by a sharp change in patterns of consumption between 1960 and 1971. During that period, most countries made a sharp transition from coal to petroleum and stepped up their use of natural gas.

The Community's coal consumption dropped by more than 2 per cent annually from 64 per cent to 27.7 per cent total energy consumption. EC crude oil consumption, on the other hand, grew by about 14 per cent annually from 28.5 per cent to 58.2 per cent. EC natural gas consumption jumped from 1.7 per cent in 1960 to 9.5 per cent in 1971. Much more natural gas was used in the United States and the Soviet Union than in the Common Market over the last decade.

PROJECT TO SIMULATE NATURAL GAS UNDERWAY

A pilot project to produce a substitute high grade natural gas from coal on a commercial basis is underway in Scotland, the Commission said February 11, in answer to a written question from European Parliament Member Willi Muller (Social Democratic Group). A coal gasification plant has been set up in Westfield to perfect the so-called normal Lurgi Process and to determine its economic viability. The project was designed to widen the range of types of coal used and to seek ways to overcome problems of methanization and purification of the gas produced. Successful tests, according to the Commission, will enable the process to be used commercially.

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