

# EUROPEAN BACKGROUND INFORMATION COMMUNITY

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BACKGROUND NOTE

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## THE EUROPEAN COMMUNITY CELEBRATES ITS TWENTIETH BIRTHDAY

On 25 March the European Community will celebrate the twentieth anniversary of signing the Treaties of Rome which created, respectively, the European Economic Community (EEC) and the European Atomic Energy Community. For the six countries (Belgium, France, Federal Republic of Germany, Italy, Luxembourg, Netherlands) which had originally established in 1952 the European Coal and Steel Community, the two new treaties of 1957 represented an essential step towards the economic and political integration of Europe. In 1973 the founding countries were joined by Denmark, Ireland and the United Kingdom to create the European Community of Nine.

Despite serious obstacles, today's Community has evolved in its twenty years of existence into an interdependent grouping of democratic and industrialized countries in which the maintenance of peace and prosperity and the creation of a more just and humane society are the common concern of the member States and of the Community institutions dedicated to achieving an "ever closer union among the European peoples". Such steps towards integration also serve to make the voice of Europe heard in a world where most individual countries are too small to defend their interests alone.

It seems appropriate now to outline the institutional structure of the Community, to consider its progress so far and to assess its impact on the world.

### THE INSTITUTIONS OF THE COMMUNITY

The Community Treaties created five basic institutions:

- The Commission, which as the motor and executive organ of the Community
- with headquarters at Brussels - has 13 members whose task is to present proposals to the Council of Ministers, and to apply its decisions, and to

defend the "Community" interest. Its President is Mr. Roy Jenkins;

- The Council of Ministers, which represents, at various levels (e.g. foreign affairs, economics, agriculture, etc.) the governments of member States, and takes all major policy decisions. The Presidency of the Council rotates among the member States every six months (currently the United Kingdom);
- The European Parliament, which comprises 198 members, at present nominated by national parliaments but sitting as political (as opposed to national) groups. It is consulted on policy proposals, exercises democratic control over the Commission, and possesses certain budgetary powers. Its size will be increased to 410 when direct elections, planned for 1973, are introduced. With its secretariat at Luxembourg, the Parliament meets there and at Strasbourg. Its President is Mr. Emilio Colombo (Italian Christian Democrat);
- The Court of Justice, situated at Luxembourg, ensures respect for Community law and ascertains the legal basis for Community decisions. It has nine judges appointed jointly by the member States;
- The Economic and Social Committee, which with 144 members represents, in a consultative capacity, interests of producers, trade unions, consumers and professions;
- The European Investment Bank, based in Luxembourg, which contributes to development of the European Community and associated countries by providing financial assistance;
- In addition to the institutions established by the Treaties, a European Council consisting of the heads of government of the member States - meets three times a year to discuss major policy questions.

## THE COMMUNITY'S PROGRESS

### The Common Market

The European Economic Community has, since its inception in 1958, made substantial progress in many areas. By July 1, 1968, the Community's customs union was completed 18 months earlier than laid down in the Treaty. From mid-1977 customs duties will have been totally eliminated between the Nine: free movement of goods, will virtually be assured. From now on the Community is a single market at the disposal of almost 260 million European consumers. The elimination of barriers between Community countries has already multiplied trade between member States six-fold in 20 years.

### Common Policies

Common policies in key areas of economic and social activity are necessary adjuncts to the creation of a simple common market. Thus in 1962 the Six introduced a common agricultural policy whose objectives were to create a common market in agricultural products, to assure Community farmers incomes comparable to those of industrial workers, to stabilize markets, to increase productivity and to ensure reasonable consumer prices.

The Community is simultaneously working towards the coordination of national economic, monetary and industrial policies. Given the current disparity in the

economic strength of its member countries, deadlines for economic and monetary union have, however, been shelved for the present.

The Community's industrial policy was at first primarily aimed at ensuring fair competition, and the Commission is accordingly empowered to prevent such restrictive practices as market-sharing and other cartel-type arrangements. The Commission has also proposed measures to encourage the competitive position of industry, particularly in key sectors - such as aircraft, shipbuilding, telecommunications and data-processing industries - which face competition on Community and international markets.

Although the Community is still far from defining a common energy policy, it is acting to reduce its requirements of imported energy, is seeking to lessen its dependence on oil and to increase the proportion of energy derived from coal and nuclear power. The economic repercussions on the Community of the international oil crisis of 1974 have continued to affect the Community's economy and its citizens. In 1975 the Community experienced its first negative rate of growth since its creation. In early 1977, more than 5 million in the Community are unemployed and in some countries the situation is expected to deteriorate further.

Inflation remains critical and in some member countries living standards have fallen for the first time in several decades. It is, however, recalled that faced by a similar situation in the 1930s, European countries raised economic barriers against one another. This time, the Community has prevented this and indeed has tried to help those of its members in the most serious difficulties.

In the 1970s, and spurred on by the continuing economic crisis, the Community has laid particular stress on the social aspects of integration. "We are not only uniting the countries", states Jean Monnet, one of the founders of the European Community, "we are uniting the peoples". With the objectives of full employment, improved living and working conditions and greater participation, the Community has embarked on an ambitious social action program and has set up a Social Fund and a Regional Fund, and introduced measures at the Community level to protect the environment and the consumer. Closer coordination in education, transport, science and technology is likewise emphasized, although a common policy in these areas is still unrealized.

### Enlargement

Membership of the Community is open to all European democracies. Negotiations for accession are currently under way with Greece, and other European countries, especially in the Mediterranean area, are expected to request adhesion.

## THE COMMUNITY AND THE WORLD

### Commercial Policy

The Community is the world's largest trading unit and world's second largest consumer market. It is for many countries in the world the most important trading partner, both for imports and exports. From the Community's point of view, foreign commerce is vital, corresponding to about 21 per cent of its gross national product. For this reason, the Community has adopted a strongly liberal and open world commercial policy. Its common customs tariff is among the lowest in the industrialized world and, in the Multilateral Trade Negotiations at Geneva

and other forums, it plays a leading role in the efforts to expand world trade. Various commercial and economic agreements have been concluded with 43 countries in addition to those which fall within the Community's association agreements with African, Caribbean and Pacific countries.

### Generalized tariff preferences

In 1971 the Community was the first industrialized power to introduce generalized tariff preferences in favor of the developing countries. Most manufactured and semi-manufactured goods, as well as an increasing number of agricultural goods from 114 developing countries are allowed to enter the Common Market free of tariffs. The system for 1977 represents an increase of 39 per cent in terms of value over 1976.

### African-Pacific-Caribbean Association

In 1975 the enlarged Community signed the Lome Convention with 46 states of Africa, the Caribbean and Pacific (ACP) most of these being former colonial territories of Community countries, and many of them constituting the world's poorest countries. This Convention not only replaced the Yaoundé Convention which had formerly associated the Community of Six with 19 French-speaking developing countries of Africa, but introduced a number of innovations in the overall program of development aid, notably non-reciprocal tariff-free entry into the Common Market and the stabilization of the ACP countries export earnings for basic commodities.

### RELATIONS WITH THE UNITED STATES

The strong historical ties between the American people and the peoples of the Nine form the basis of a "special relationship" that is steadily growing between the Community and the United States.

On the political level there is constant contact between Washington and Brussels, and officials from the European Commission and the US government meet twice each year for formal talks on mutual problems. There is also regular contact between delegations of members of the US Congress and MP's from the European Parliament.

But it is the economic interdependence between the EC and the USA which is the backbone of the relationship. The Community is America's best customer for agricultural goods, and her second best for industrial products, and, for the Community, access to the US market is crucial. Increasingly, the Community shares with America and Japan, the responsibility for dealing with the great economic problems facing the world, such as the need to maintain and extend free trade in the face of rising protectionism, and to restore steady economic growth after a recession that has led to that mood of protectionism; the necessity of finding some means of transferring resources from the developed to the developing world; and of dealing with the vital priority of energy conservation. The European Community and the United States are drawn to each other in a troubled world, not only by a common history and shared ideals, but by virtue of a harsh, yet stimulating necessity. President Carter has said, "The United States - European relation is at the heart of US foreign policy", and as President Roy Jenkins of the European Commission pointed out in a recent speech, because of the existence of the European Community, the "world can now be a less lonely place for a country with the power and responsibilities of America".