European Communities 1

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Law of Sea

EC Position Outlined

The Third United Nations Conference on the Law of the Sea resumed its work on 16 July for six weeks The prospects for a formal conclusion of a Law of the Sea Convention covering practically all aspects of the uses of the oceans and their subsoil are still uncertain During the earlier sessions of the Conference considerable progress was achieved towards solving outstanding hard-core issues. The elaboration of final clauses to the Convention will therefore be one of the major issues to be discussed at the current session in New York

In September 1978 the Community submitted a formal proposal to the Conference for the inclusion of a clause which would allow the EC to become a contracting Party to the Convention in the same manner as the Community is a contracting Party to other multilateral conventions, covering fields within which the Community has powers, either exclusively or together with its member states

The proposal for a Community clause which was submitted to the Conference has three elements

- *that* the Convention shall be open for signature and approval, or accession, by customs unions, communities or other regional economic integration groupings, constituted by sovereign States when they exercise powers in areas covered by the Convention,
- *that* such integration groupings as a contracting party will have the same right and obligations under the Convention as States Parties to the extent that these rights and obligations have been transferred to the integration grouping by its Member States, and
- *that* the mutual granting of national treatment to nationals of other Member States within the integration grouping cannot be affected by provisions in the Convention

The formula presented by the Community is intended to give it and similar regional economic integration groupings the right to become a full contracting party to the Convention It would be unacceptable for the Community to have its participation limited in advance to certain areas This follows from the fact that the process of integration in which the Member States of the Community are engaged by the treaty establishing the European Economic Community is of an evolutionary character and can extend to new spheres of activity if necessary to attain any of the objectives of the Community

In various — but not all — fields which will be covered by the Law of the Sea Convention the Member States have transferred authority to the Community Consequently the nine Member States cannot undertake separate engagements with third countries

At present the European Community negotiates as a single entity in matters relating to fisheries and has concluded fisheries agreements — or undertaken negotiations — with a large number of countries in and outside of Europe The Community is also a contracting party to a number of multilateral agreements of a regional character for the protection of the environment (the Paris and Barcelona Conventions on marine pollution) and to several international commodity agreements of a universal character concluded under the auspices of the United Nations (the agreements on wheat, cocoa, tin and coffee)

In addition the EC has concluded agreements with a large number of States represented at the Conference relating to trade, or agreements of association or cooperation going considerably beyond trade agreements One of the examples of the latter is the Lomé Convention signed in February 1975, to which 57 African, Caribbean and Pacific States are contracting parties and which was renegotiated earlier this year

The inclusion of a clause allowing the European Community to become a contracting party to the Law of the Sea Convention provides for transfers of authority within the Community Such clause also is necessary in order to give to third States which will ratify the Convention the legal guarantee that they will have before them partners which are capable of honouring the obligations envisaged by the Convention

Sea Bed Issue

The Community is also particularly concerned with the regime which will govern future exploitation of the deep-sea bed This has been one of the deadlocked issues at the Conference, and one which leaves prospects of a formal Law of the Sea Convention governing all aspects of the uses of the oceans and their sub-soils still uncertain

Its heavy dependence on imported raw materials gives the EC a special concern with the exploitation of deep-sea resources Future development of nickel, copper, cobalt and manganese sources on the sea bed is also of interest to many European enterprises.

The Community favours the creation of an International Sea-Bed Authority, but it is concerned about the kind of conditions under which it would operate Such an Authority has been the basis of the Law of the Sea Conference discussions since 1977

This Authority would be made up of all the parties to a future Convention It would organise and monitor sea-bed exploitation activities; its main organs would be an Assembly in which all members of the Authority would participate, and a Council of 36 members. It would also have an operational organ called the Enterprise, which would exploit the sea-bed on behalf of the Authority This would be under a 'parallel' system whereby mine sites would be shared equally between the Enterprise and private and state operators

The European Community has supported in principle the creation of the Authority and the Enterprise, but on condition that the system excludes privileged treatment for these organs Acceptable economic conditions would have to be guaranteed to all firms, whether they were private, or belonged to Member States

LOMÉ 2: New EC-ACP Agreement

The European Community is hopeful that after almost a year's negotiations a renewal of the Lomé Convention — Lomé 2 — which extends and improves the original accord signed in 1975, may be formally agreed by September The Convention covers 57 African, Caribbean and Pacific (ACP) countries

After discussions in Brussels at the end of June, the EC position is now that nothing more remains to be negotiated Commissioner Cheysson says 'Europe has offered these 57 countries a global agreement permitting them further financial growth and utilisation of their economic potential'

He adds 'These countries wanted the new accord to mark a major step forward just as we did with the Lomé agreement five years ago The understanding we have reached after almost one year of negotiation does just that'

The ACP countries appear less certain In their view what has emerged from talks is an 'ad referendum' agreement, yet to be considered or endorsed by the Council of the ACP or by its member states It is up to ACP states to decide individually whether they intend to sign the agreement

However an ACP spokesman, Senegal's Minister for the Economy, Mr Seck, has confirmed that although some ACP countries do not consider the present agreement to be complete, the next time the EC and ACP meet, it will be to sign an agreement

The Commission's view is that, like the agreement's precursor five years earlier, the present accord offers a unique arrangement for relations between industrialised and developing countries

In the view of the EC negotiators, the terms represent a commendable effort by the nine Member States in view of the economic recession, high unemployment, and precarious energy situations in Europe

Commissioner Cheysson pointed out that oil-producing states, despite their present massive trading surpluses, had merely increased their aid to poor countries by $800 million, the Community increase as represented in the new agreement is $3,100 million

He said that other forms of community aid, such as food aid, and the preferential terms under which ACP sugar and beef are imported, would bring the total value of Community aid to nearer $10,000 million

The major elements in the new agreement are measures to help ACP mineral producers, and to protect European investments in these countries, according to Commissioner Cheysson

72% Aid Increase

During the final 48-hour marathon negotiating session between representatives of the ACP and the EC, the Community raised its aid offer by 10%, to $7,400 million — a 72% increase on the $4,300 million offered under Lomé 1

The aid will be used to finance development projects in the ACP states — projects in farming, industry, schools, hospitals, roads, railways It will also help stabilise ACP export earnings from cocoa, coffee, and other farm commodities The Community will help the ACP states to maintain production of copper, tin and other materials such as cobalt, bauxite, manganese and iron ore, by providing 375 million dollars Countries which will benefit from this include Zambia and Zaire (copper) Rwanda (tin) and Gabon (manganese)

The Community will provide soft loans to help restore production capacity when export earnings from these minerals fall by over 10% Only the major exporting countries will benefit as these minerals must account for over 15% of total export earnings

Although the amount of aid is modest—copper alone could absorb the whole amount in a single year—it represents the first step in a new direction

The scheme is of mutual benefit It helps guarantee supplies of vital raw materials for European industry while providing ACP states with a greater degree of income stability Zambia for instance depends on copper for 90% of its export earnings

In the new Convention the European Investment Bank will provide $268 million for the exploration and development of new mineral and energy resources in ACP states

European investors will also be encouraged by new measures to protect investments Political uncertainty, especially in African states, has meant that European investment in the mining sector has almost dried up

Dutch, Belgian, Irish and Danish investors will benefit from a clause stating that the advantages of bilateral investment agreements between a Community country and an ACP state will automatically be extended to other members This means that the better terms that the larger Member States such as France, Germany and the UK are able to obtain will now be available to each of the Nine

The Community has increased the funds available for the system for stabilizing the export earnings of farm commodities (STABEX) by nearly 50% to $735 million The number of products covered has been increased from 34 to 44 the most important new addition being rubber (mainly of interest to Liberia) Other new products include shrimps, pepper and cotton seed

The Community also agreed to import more beef and veal from Botswana and three other African countries, and to improve the regime for Caribbean rum exporters

Euro-Parliament Opens: Mme. Veil President

A new and dynamic role for the first directly-elected European Parliament was outlined by its new President, Madame Simone Veil, after her election at the opening session in Strasbourg on July 18

Madame Veil, 52, indicated that the Parliament's new authority would be felt in several important areas in control of the Community's budget, in increased political authority over general areas of policy, and in stepping up the pace of building the Community

In a letter of congratulations to Madame Veil, U S President Jimmy Carter described the first ever direct elections to the European Parliament as "an historic occasion, symbolising the deep attachment of the Community to the advancement of common European democratic institutions"

House Speaker Thomas P O'Neill Jr in a separate message said the direct elections were "a dramatic progression in the growth of representative democracy and an important step in the direction of greater European integration"

Speaker O'Neill's message went on

'In past years, the House of Representatives strongly supported semi-annual conferences between appointed members of the European Parliament and the United States Congress Now, in light of your new status as a fully elected representative body, the House of Representatives welcomes closer ties and additional parliamentary exchanges on subjects of mutual interest, including trade policies and economic cooperation

"I extend my sincere personal best wishes on this special and memorable occasion "

A former Minister of Health in France, Madame Veil was the first woman to hold Ministerial office in that country, and was recently voted in a poll to be second only in popularity to the French President

As a survivor of a Nazi concentration camp, her election has been seen as symbolising to some extent the post-war reconciliation of France and West Germany — from which the drive to European integration has largely derived

Madame Veil was elected on the second ballot in Strasbourg As president, she will preside over Parliamentary sessions, shape its agenda, and represent the Parliament in its negotiations with other EC institutions

Although she has been a supporter of the French President, Mme Veil has never belonged to a political party This is seen as an asset in her task of presiding over the European Parliament with the required impartiality

impartial European taskmaster', the sh Financial Times described her

n her opening speech she said that the Parliament had great hopes placed in it since it gave its members a heavy and a stimulating responsibility This new authority would help to make the Parliament's weight felt in several areas, one of which was budgetary control

Madame Simone Veil, President of the first directly-elected European Parliament

The European budget was the most important policy the Parliament had to deal with In the years to come, according to the new President, the question of revenue would be of the utmost importance to the Community and the Parliament, in its capacity as the representative of all European citizens who contributed to the Community, would necessarily be called on to play a vital role in finding solutions

Madame Veil said that the fact that the Parliament's powers were institutionally restricted must not prevent it from having its voice heard The direct elections had given it the political authority to speak out and be heard

Sombre Future

However the sense of celebration at the Parliament's inaugural session was heavily tempered with some gloomy observations by both the new President of the European Council, Irish Prime Minister Mr Jack Lynch, and by the President of the EC Commission, Mr Roy Jenkins

Mr Lynch spoke of 'awesome' problems before the Community Commission President Jenkins said Europe faced 'a sombre decade'

Mr Lynch said

"This Parliament will be faced — as are the other instiututions of the Community — with highly intimidating tasks I have in mind, the rampant unemployment in all our countries the energy crisis the challenge to find an adequate response to the needs of the third worlds the speed and impact of technological change the instability created by growing stresses within society itself and the need once again to change and adapt, as the Community has done in the past, to cope with an enlargement to accommodate our friends in Greece, in Spain and in Portugal without damaging the power dynamism or integrity of the Community as we know it

"It is, an awesome list, and each problem is of vital concern Of particular importance is the need to find work and with it a valued place for our young people We cannot, through lack of political will or for any other reason fail to find solutions to this problem for if we do we will fail the generation on which the future of our countries and of Europe must be built "

Commission President Jenkins said

"I do not hide from this House my view that we stand on the threshold of a sombre decade

"We cannot do other than, on constant policies, predict lower growth, higher inflation and more unemployment That is a reason, not for supineness, but for the urgent evolution of new policies to mitigate over as short a period as possible, to overcome our present vicissitudes But what is absolutely clear is that the ability of the Community to survive and to prosper depends on our joint determination to preserve what we have already achieved, to build on those achievements and above all to keep a vision and commitment to make progress towards a greater European unity That vision — a constant reaffirmation of our will to move forward — matters far more than rather sterile blueprints about the exact form of political organization at which we shall ultimately arrive It will not, in my view, be something which can be found in the traditional textbooks of political science

"We cannot simply look it up under a model labelled federal or confederal It will have a unique character of its own arising out of a balance between our need for unity on major issues and our strong and even disparate national traditions But of one thing I am absolutely certain there is a much greater danger of advancing too slowly rather than too fast"

ECOSOC: New Development Strategy

A more just and equitable new international economic order should be promoted by the new International Development Strategy, to be adopted by a special session of the General Assembly of the United Nations next year, according to Irish Ambassador Paul Keating, speaking on behalf of the Community as President-in-Office to the Economic and Social Council of the UN in Geneva

The EC believes that the new International Development Strategy should be directed towards the objectives of global growth, the accelerated development of developing countries (especially the poorest among them), a better integration of developing countries in the international economic system, the eradication of mass poverty, the control of inflation and the reduction of unemployment

Each of these objectives is desirable in itself, but as Ambassador Keating said in his address the difficulty lies in making progress towards all of them harmoniously

The EC sees this as the primary task facing the world today and one to which all countries must address their efforts

Ambassador Keating believed that this task could be achieved despite the fact that the environment of stability that characterised the early years of the 1970s had now been replaced by a climate of uncertainty and doubt

The world economy was in a precarious position Adverse developments could have disastrous consequences "There is an overriding need for stability, vigilance and concentration, said Ambassador Keating

Accordingly, the new International Development Strategy, to be adopted by a special session of the General Assembly next year, should promote a more just and equitable new international economic order Stable economic growth was vital in making progress to this end, but Ambassador Keating said, the Community's position remained firm that the present difficulties of the world economy should on no account prevent the continuation, and even the strengthening of efforts to ensure the development of the developing countries

EC-ASEAN Agreement

The Commission has decided to propose to the Council of Ministers the conclusion of a commercial and economic cooperation agreement with the five member countries of the Association of South East Asian Nations (ASEAN) — Indonesia, Malaysia, the Philippines, Singapore, and Thailand

The aim for such an agreement would be to strengthen and diversify trade and economic cooperation between the two regions Exploratory conversations have already taken place between the Community and ASEAN in Brussels in November 1978

From the Community viewpoint, a formal cooperation agreement would encourage European participation in the economic growth of one of the most rapidly developing areas of the world, — and an area which is also a major source of raw materials

For the ASEAN countries an agreement with the Community would help them to achieve a better balance as between their different economic partners, and provide an impetus to their formal economic integration This it is felt would also strengthen the political stability of the region, and help to preserve peace in the whole of South East Asia

ASEAN was set up in 1967 Its stated aim is to create a zone of peace and neutrality in South East Asia Its economic growth is already the highest of any regional grouping in the world To increase this, and to obtain the benefits of a larger market, ASEAN has set up preferential trading arrangements as well as a number of regional industrial projects and industrial complementation schemes, — as well as plans for the preferential supply of rice and crude oil in the event of a shortage Since the Bali summit in 1976, it has made rapid progress towards achieving a real identity at both the economic and political level

In the last three years ASEAN has conducted discussions and negotiations as a group not only with the Community but also with the USA, Japan, Canada, Australia and New Zealand The European Parliament called for a formal agreement in May

Energy News

Monitoring Oil Sales

The Council of Foreign Ministers meeting in Brussels in July has followed up the decisions taken in principle at the European Council meeting in Strasbourg and the Tokyo summit and agreed on a framework regulation setting up a register of all import transactions into the Community

However an implementing regulation will have to be drawn up later in the fall Several delegations at the Council meeting felt unable to commit themselves in too much detail until the intentions of the other major oil importers, the U S and Japan, became known

The intention of the regulation is to make oil markets more transparent EC Energy Commissioner Brunner emphasised the importance of this process, and said the Commission would have preferred speedier progress He hoped the Council would adopt the detailed supplementary regulation in September or October

The Commission will continue studies with a view to fixing national import objectives up to 1985, as well as consultations with producing countries to see if it would be feasible to introduce certificates of origin with prices

Brunner Warns

Meanwhile Commissioner Brunner has said in Brussels that Europe is heading for a difficult winter

Rises in oil prices, said Brunner, meant that the Community oil import bill would go up this year, even if there were no further increases, from $49 billion dollars to some $60 billion

Mr Brunner has been dealing too with reports that comments of his on OPEC's recent price rises had lead to a breaking off of contacts between the European Commission and the oil producers The story of a meeting scheduled for October and broken off was a complete mystery to him A very delicate confidence building process was at work, and there would no doubt be irritants in that process from time to time But it was necessary to attempt it for the benefit of the OPEC economies, and for the benefit of the Community

Referring to his own description of OPEC's policy as one of "organised scarcity" Mr Brunner said he felt it necessary to expound his own analysis frankly from time to time If there were signs of some irritations here or there, this was regrettable, but he believed the European citizen had the right to know what the problems were A policy of limited production was understandable from the producers' point of view However, from the consumers' point of view, and for the sake of the Western economies it would be advantageous if demand were also to play a role again An early reestablishment of the law of supply and demand was necessary

UN Talks

In response to an invitation from Mr Brunner, Mr Mohamed Gherab, Secretary-General of the United Nations Conference on new and renewable energy sources visited the EC Commission of the European Communities on 12 July 1979 for talks with the Commissioner and his principal advisers

This visit was in preparation for the Conference which has been convened for 1981 by the United Nations General Assembly The purpose of the Conference is to plan concerted measures for promoting the development and use of new and renewable energy sources to help meet all future energy requirements, especially those of the developing countries

This first meeting between the Secretary-General of the Conference and the Commission produced a fruitful discussion on the new and renewable energy resources which have been put on the Conference agenda solar, geothermal, wind and tide energy, ocean thermal energy, conversion, biomass conversion, firewood, charcoal, peat, draught animals, oil shales, tar sands and hydro power

EC Energy Saving Proposals

A new energy-saving programme which could play a role in helping the Community meet its new oil import commitments (reached at Strasbourg and at Tokyo) has been recommended by the European Commission to its nine Member States

"Energy conservation", says the Commission in its accompanying communication to the Council of Ministers, "could well become the single most important contributor, other than oil, to the energy balance of the Community by the turn of the century The energy-saving potential of the European economy is considerable", it adds

The proposed program includes energy pricing guidelines and measures to encourage the rational use of energy in industry, the office, transportation and the home

At Strasbourg the European Council committed Member States to limit annual oil imports to 9 4 million barrels per day (the Community's 1978 level) until 1985

Since 1973, the European Community has made progress towards using energy more efficiently, depending less on imports, increasing domestic production and moving away from oil to a more broadly based supply pattern Its overall dependence on energy imports is down to 54%, from 63% in 1973 Oil has been reduced to 55% of the Community's total energy consumption, from 62% in 1973

Despite a 7% increase in economic activity in the Community between 1973 and 1977, those four years saw no increase in energy consumption

In 1977 alone, the Community estimates it saved the equivalent of 1 6 million barrels per day (or 8% of its requirements) as a result of the energy saving programs already in force

Compared to the United States, Europe's potential for domestic energy production is limited At its peak in the mid-1980's, North Sea oil is unlikely to supply more than 25% of the Community's oil requirements Europe's coal reserves are costly to mine and the Community's coal production has declined since 1973 In addition, production from natural gas fields in the Netherlands and the North Sea is expected to decline in the 1980's

Currently dependent on oil imports for almost 50% of its energy requirements (the comparable U S figure is 21%), the European Community is placing new emphasis on coal, nuclear energy and the development of "clean" alternatives, such as solar and geothermal energy But since these sources now account for only 28% of the Community's requirements, energy conservation remains as high a priority as energy supply

The Commission's communication on the new energy saving program proposes a new 1990 objective of reducing the ratio between economic growth and the growth in energy requirements to below 0 7

The Commission does not underrate the difficulties in achieving this objective Its report accompanying its Communication to the EC Council of Ministers explains· "Consumers are now facing shortages and rising prices There is therefore a renwed incentive to reduce energy requirements, but the margins for eliminating waste are smaller than they were in 1974 Future savings will increasingly require investment in new equipment or buildings, or retrofitting the old, and more energy-conscious behavior from both investors and consumers "

Delegation of the Commission of the European Communities to the United Nations

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