



## **EC—Yugoslavia**

### **New Accord with Belgrade**

The European Communities and the S.F. Republic of Yugoslavia have initiated a new trade and economic cooperation agreement geared primarily to remedy Yugoslavia's considerable trade deficit with the nine Member States.

After initialling the text, EC Vice-President Wilhelm Haferkamp responsible for external affairs, and Yugoslav Federal Minister Stojan Andov gave a joint press conference in Brussels in which both underlined that the new agreement stemmed from the Final Act at Helsinki and the Declaration of Belgrade of December, 1976.

Mr. Haferkamp went on to say that the Belgrade Declaration was the backdrop for the negotiations, since it set the stage for developing cooperation between the Community and Yugoslavia—a non-aligned, Mediterranean country which is a member of the Group of 77.

For his part, Mr. Andov stressed that the new agreement fully conforms to the non-alignment policy of Yugoslavia which has economic relations with all countries and regional groups in the world, including the Council for Mutual Economic Assistance.

The primary objective of the new accord is to correct the trade imbalance between the EC and Yugoslavia which has grown from about \$880 million in 1973 to \$3 billion last year in favor of the Community.

The new agreement provides duty-free access to the EC market for 70% of Yugoslavia's industrial production. The remaining 30%, including basic and sensitive items such as non-ferrous metals and textiles, will nevertheless have substantially improved access to the Community through tariff quotas.

Agricultural products, including beef, wine, spirits and tobacco, also will enjoy improved access. This is particularly important in the case of "baby" beef for which access rises from about 13,000 tonnes a year to 35,000 tonnes.

The new agreement also provides for loans from the European Investment Bank of around \$286 million over five years, mainly directed towards transport, tourism, the environment and fishing.

The President of the EC Commission, Mr. Roy Jenkins, visited Belgrade at the end of February, to elaborate on the timetable for the agreement to come into effect.

## **EC—Afghanistan**

### **New Declaration of Nine**

Following a meeting of the Foreign Ministers of the Nine Member States in Rome on February 19, the following declaration was issued:

The Nine Foreign Ministers discussed the question of the Olympic Games to be held in Moscow later this year.\* They have agreed to reconsider the question in the light of further developments of the situation.

#### **Afghanistan**

1) The Nine focussed their discussion mainly on the situation created by the Soviet intervention in Afghanistan.

2) They noted their agreement on the analysis of the situation and its implications. In this connection they took the view that their declaration of 15th January is still completely valid.

3) They stressed in particular that the withdrawal of Soviet troops from Afghanistan remains their objective and that they will endeavor to establish the conditions for this.

4) It is also their desire to seek out ways and means of restoring a situation in line with the resolution of

\*A decision on this issue is now expected on May 24th

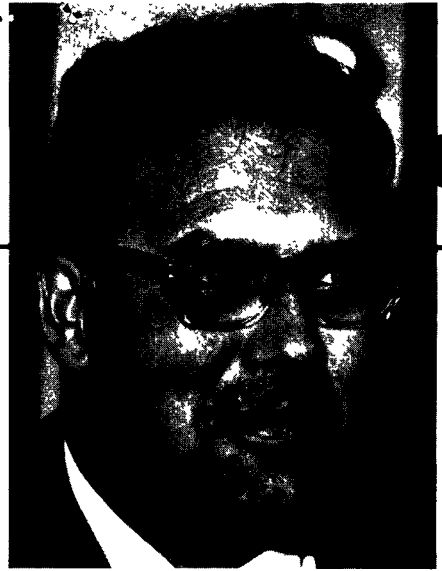
the General Assembly of the United Nations of 14th January, which appeals to all states to respect the sovereignty, territorial integrity, political independence and non-aligned character of Afghanistan and to refrain from any interference in the internal affairs of that country.

- 5) They take the view that, in this spirit, the crisis could be overcome constructively through an arrangement which allows a neutral Afghanistan to be outside competition among the powers.
- 6) Accordingly, they have decided to go into this point more thoroughly and to concert their position on the subject with all allied and friendly countries and with all countries having an interest in the equilibrium and stability of the region

Earlier that week, after lengthy and sometimes passionate debate, the European Parliament meeting in Strasbourg overwhelmingly endorsed a series of motions condemning the Soviet invasion of Afghanistan, the exiling of Academician Sakharov and the repression of human rights in Russia. The parliamentarians also called for a boycott of the Olympic Games in Moscow, and urged measures to hold the Games as soon as possible on agreed international territory. The Parliament also called for an immediate embargo on all sales of surplus commodities to the Soviet Union involving subsidies.

The prevailing view was strongly expressed that Soviet actions in Afghanistan and against Sakharov meant that in their present form the Olympic Games are dead, that to go to Moscow risked being misunderstood and would be used by the Soviet Authorities as a sign of support for their regime of repression.

EC Commission Vice-President Haferkamp restated the unstinting support of the Commission for what had been said in condemning the Soviet act of aggression against Afghanistan, and in favor of the basic principles of human rights. He outlined what the Commission had already been able to do within the limits



*Vice President, Wilhelm Haferkamp*

of their competence. He referred to the decision to grant no further derogations to the Soviet Union in respect of agricultural export credits. He also mentioned the fact that Parliament had called for a full review of relations with the Soviet Union and this report will be forthcoming.

## **EC—Turkey**

### **New Approach**

Following a meeting of the Council of Association of the European Communities and Turkey, a common declaration welcomed the unfreezing of the EC-Turkey Association agreement and underlined the need for a new approach which would rapidly be translated into concrete decisions.

The two parties will also seek by other means to assure the development of the Association agreement in order to facilitate the accession of Turkey to the Community.

The Turkish Foreign Minister, Mr. Hayrettin Erkmen, reaffirming Turkish membership of the Community as a final objective proposed a program of action which would cover a customs union, agricultural, social policies and financial cooperation.

Mr. Erkmen evoked recent political events, the need for solidarity among democratic countries, Turkey's role in the North Atlantic Treaty Organization (NATO), her level of development and the disastrous impact of increases in oil prices since 1973. He forecast that Turkey would make an application before the end of this year for full membership in the Community.

## **EEC—Romania**

The European Community and the Socialist Republic of Romania have initialed an agreement to set up a joint committee—the first of its kind between the EC and a Member State of the Council for Mutual Economic Assistance.

The new joint committee will provide a permanent framework for high level discussions with powers to develop and monitor a range of bilateral contacts.

The EC and Romania are proceeding with parallel negotiations for an agreement on trade in industrial products. Once concluded, both agreements could be signed and take effect the same day.

## **Agricultural Prices 1980/81**

The annual debate on common agricultural prices in the EC for the 1980/81 marketing year is underway. The European Commission has presented the Council of Ministers and European Parliament with its price hike proposals. The price increases range between 2.0%-3.5% for most product categories, except those in surplus (dairy products and sugar) for which the Commission proposes a 1.5% price hike.

The price increases proposed by the Commission, if approved without amendment, would add 0.8% to the cost of food in the Community, and 0.1% to the cost of living.

Agreement on these common prices is not likely for many weeks, since implicit in the price decision will be a reconciliation between, on the one hand a policy geared to trim EC Budget expenditure\* and harness sectorial product surpluses, and, on the other hand a policy to counteract inflation's impact on farmers' revenues.

## **European Patents**

The European Patents Office (EPO)—an organization based in Munich with ten contracting European countries—has just issued the first European patents. This patent is recognized within the ten countries as having the same legal force as their national instrument, but has the advantage of absolving the patent holder from having to file separate applications in each of these countries.

The majority of the Member States are party to the EPO agreement, namely Belgium, France, Italy, Luxembourg, Federal Republic of Germany, the Netherlands and the United Kingdom; in addition Austria, Sweden and Switzerland are contracting countries.

The European patent is more expensive than a single national one, but becomes economic from the point where an inventor or firm would otherwise file in three of these countries.

Since the Munich-based organization opened in June 1978, the applications for European patents have more than tripled to around 1400 monthly requests. Two thirds of the applications filed each month come from the ten contracting countries, while the U.S.A. accounts for most of the remaining requests.

## **Towards a European Securities Market?**

The Commission of the EC is planning to hold a symposium on the feasibility of setting up a European-wide securities market by linking the existing national stock markets through a telecommunications network.

In a recent speech in Milan, Christopher Tugendhat, Commissioner responsible for financial institutions, emphasized the decisive role stock markets can play in financing investment required to rekindle economic growth in the Eighties.

\*cf EC Newsletter, Nov-Dec 1979 Vol 2 No 11

\*\*EC Budget rejected

To this end the Commission considers that simultaneous links between national stock markets for important internationally traded shares—an integrated European securities market—could add a new dimension which could enhance the financing capabilities for Community-wide transactions.

Such transactions could take place on a European scale without

requiring that individual companies are admitted on several or all national exchanges

The symposium, to be convened by the end of the year, will examine the possibilities and problems posed by divergent taxation systems and practices. The participants will include representatives of financial institutions from all over the Community.



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