



Towards an EC Energy Policy

Energy policy will figure prominently among the items for discussion at the delayed European Council meeting (the summit meeting had been scheduled for March 31/April 1, but it has been postponed until a later date—probably the end of April).

Under discussion at the summit will be a recent communication prepared by the Commission on action priorities for an EC energy policy. At present the European Community does not have a mandatory energy policy common to all member countries, which covers all forms of energy, although there are joint rules covering aspects of nuclear energy and coal.

The EC Commission, in its paper to be discussed at the European summit, while not advocating the total alignment of the energy policies of the Nine Member countries, proposes that joint action be taken in two areas. First, steps should be taken to smooth out differences in the energy pricing and taxation in the various Member countries, and secondly that energy investment to develop other non-oil sources of energy should be stepped-up in all EC countries—possibly under the aegis of revenue obtained from an EC-wide oil import fee or equivalent tax.

European Council Meeting Postponed

One week before the EC Heads of Government summit meeting scheduled for March 31/April 1—the Italian Premier, Ignazio La Malfa, whose government resigned a few days earlier, took the initiative to postpone the European Council meeting.

At the time of going to press, no date had been announced for the re-scheduled European Council meeting, although the end of April seems most probable.

Energy Commissioner Brunner in New York

In an address to the National Foreign Trade Council in New York on March 25th, Mr. Guido Brunner, Commissioner responsible for Energy, told his audience that the U.S. and Europe were moving along the same lines to tackle our energy problems. The U.S. and Europe have a joint need for action.

The Commissioner emphasized that, firstly inflation has become a high priority problem on both sides of the Atlantic, and it cannot be dealt with effectively unless steps are taken to curb energy consumption and our dependence on imported oil; secondly, that unless we develop alternative sources of energy speedily, not only do we risk severely curbing our economic growth potential and run the risk of sustaining a high underlying inflation rate, but we also maintain our vulnerability vis-à-vis oil supplies.

Although the EC countries and the United States are faced with different domestic energy availability pictures, Mr.

Brunner said Europe and the United States have the same two basic courses of action, namely, energy savings and conservation, and developing alternative sources of energy. On the first point—energy savings and conservation—Mr. Brunner praised President Carter's recent decision in favor of an oil import fee as a courageous and important step. He added that the EC may consider an equivalent action.

In the short term, Mr. Brunner recognized that conservation was our prime means of matching our energy needs and availabilities, but he stressed that work must begin now if alternate sources of energy are to be developed to meet our medium and longer-term needs. To encourage this process, the Commissioner launched the notion that industrial countries should co-operate by setting oil substitution targets, instead of the current oil import ceilings set at the Tokyo summit, 1979. That would mean, Mr. Brunner said



Guido Brunner, Energy Commissioner

that participating countries (notably the USA, the EC countries and Japan) "would each agree on replacing a given percentage of oil by alternatives, and it would be up to each country, according to its own resources and its particular conditions, to decide the means to achieve the target "

Brunner described this as a "more flexible approach" than the system of setting oil import ceilings, which he categorized as a "blunt instrument" He considers that an oil substitution ratio "would broaden the basis for compromise. It would interfere as little as possible with domestic decision making. And it would achieve what we are all aiming for: reduced dependence and less oil used in our economies."

This kind of co-ordinated action to reduce energy dependency would, the Commissioner said, not only be in the interests of industrial countries, but it would also help the poor countries of the developing world. Mr Brunner emphasized that a few industrial countries "cannot buy up all the oil and raw materials on the world market."

EC Talks with Zimbabwe, Mozambique

Mr Claude Cheysson, EC Commissioner in charge of co-operation with developing countries, travelled to southern Africa in early April for separate talks with leaders in Zimbabwe and Mozambique. Following indications from Salisbury that the newly elected Government of Prime Minister Robert Mugabe might apply for membership in the Lome II Convention—which associates 58 African Caribbean and Pacific countries (ACP) with the European Community—Cheysson accepted the Prime Minister's invitation to visit the Zimbabwe capital on April 1 and 2. On the agenda of talks between the EC Commissioner and Mugabe, aid projects figure

prominently—and Cheysson indicated before leaving for Salisbury that the EC was willing to consider a wide range of financial assistance, including emergency aid, to bridge the gap until Zimbabwe could benefit from loans and grants eventually available if and when Zimbabwe adheres to Lome II.

After the Salisbury visit, Cheysson flew to Maputo, in Mozambique for high level talks with leaders there at the invitation of the Mozambican Government. As with Zimbabwe, membership in the ACP group was discussed. Mozambique has participated as an observer in the Lome negotiations, and so far has not decided whether to join the association or whether to continue to rely strictly on EC aid to non-ACP developing countries. Currently, two aid projects totalling over \$4.5 million are under discussion, but have not yet been approved by the EC.

Aid for Angola

In a related move, meanwhile, the EC Commission recently decided to contribute a substantial portion of the funds needed for an emergency food and sanitary operation in Angola to be undertaken by the International Red Cross Committee. The program, which aims to help some 300,000 people living in central Angola, is expected to cost about \$2.5 million, and the EC has agreed to provide nearly 30% of that amount in food and financial assistance.

EC Focus on Aid to Third World Refugees

Before the Cheysson visit to Zimbabwe, the EC had already committed nearly \$4 million in emergency aid to help the repatriation program for Zimbabwean refugees. The grant was the latest in a substantial EC effort to help developing countries in need of emergency or exceptional assistance. In 1979, the EC committed more than \$160 million for such projects—with the largest single direction of emergency aid being efforts to help South-East Asia. Food and medical assistance to help Kampuchean refugees in the region took a major portion of such relief (worth 40% of the total). EC aid also went to help refugees from Ethiopia in Somalia, Ugandan refugees in the Sudan, Nicaraguans in Costa Rica and Hondur-

as, and Afghan refugees in Pakistan. All told, help for refugees in the Third World amounted to 56% of the European Community's total emergency and exceptional aid in 1979. So far in 1980, apart from the Zimbabwe assistance, the EC has approved aid worth \$14 million for projects to help Afghan refugees in Pakistan.

EC-Yugoslavia

The recently concluded economic and trade pact between Yugoslavia and the European Community, initiated in Brussels in February, was signed in Belgrade on April 2, 1980.

The new pact still requires ratification, but pending those procedures the EC has approved an interim arrangement whereby some of the provisions can be implemented from July 1 this year. The low interest loans to Yugoslavia (around \$280 million entitlement over five years) will be available from that date. The main thrust however of the new pact, it will be recalled, is to reduce the trade imbalance between Yugoslavia and the EC; Yugoslavia's trade deficit with the Community grew to \$3 billion last year.

EC-ASEAN Relations

Besides the framework of the forthcoming 'Global Negotiations' between the world's rich and poor countries, the EC is forging ahead with its own regional agreements with developing countries. Lome II, the new five year agreement between the European Community and the 58 African, Caribbean and Pacific countries came into force on March 1. Now, the EC has just signed an agreement for economic and commercial co-operation with the Association of South-East Asian Nations—ASEAN—(Indonesia, Malaysia, the Philippines, Singapore, and Thailand).

After initialling the new pact in Kuala Lumpur, Mr Wilhelm Haferkamp, EC Commissioner responsible for external relations, described it as "the result of many years of common work and the starting point of a deeper and more concrete co-operation."

A symbol of co-operation came from the EC-ASEAN meeting in the form of a joint condemnation of the Soviet invasion

of Afghanistan and the Vietnamese invasion of Kampuchea, both EC and ASEAN Ministers agreed that the problems of Kampuchea and Afghanistan had the same roots—both of which required political solutions.

This is the first agreement the EC has signed with another regional economic organization, and it will supersede bilateral agreements between individual Member countries.

The Association of South-East Asian Nations (ASEAN) was set up in 1967, but was formally launched at the Bali summit of the Heads of the five nations in 1976. It was founded to promote economic growth by offering the benefits of a larger market and consequent preferential trading arrangements. The first EC-ASEAN contacts were taken back in 1972, prior to the first enlargement of the European Community.

EC-Andean Group: Stepping Towards a Co-operation agreement

Marking the first step towards concluding a co-operation agreement with the Andean Group countries, the Commission of the EC has just formally requested authorization from the Council of Ministers to begin negotiations.

Last July, the Columbian President with a mandate on behalf of the Andean Group (Bolivia, Columbia, Ecuador, Peru and Venezuela), visited Brussels to propose a co-operation agreement between the EC and the five South-American countries.

The proposed pact would be for an initial period of five years, and in addition to applying the most-favored nation clause, both sides would undertake to promote the development and diversification of trade. Moreover the proposed framework for economic co-operation would be flexible (within the bounds of the Commission's authority).

This proposed co-operation agreement with the Andean Group would be the EC's second pact with a regional grouping in the Third World; the EC-ASEAN pact being the first. A Ministerial meeting, similar to the one held in Kuala Lumpur in March, may be held in the first week of May between the EC's Nine Foreign ministers and their counterparts in the five Andean Group countries.

Towards a European Passport

The project to create a European passport has received a fresh impetus; the European Parliament has recently adopted a resolution urging the Council of Ministers to take a positive decision by the end of this year on the introduction of a uniform passport for all citizens of all member countries.

The idea of an EC passport was first launched at the Paris Summit of EC Heads of Government in December 1974. This projected passport has since encountered many disagreements over its color, the

language(s) to be used, the lay-out on its front cover, and political factors relating to national sovereignty questions.

Most of the technical issues have now been resolved, and the burgundy-colored passport of an already agreed size could become a reality as early as 1981 providing the remaining aspects, which have sapped the 'political will' for action, can be resolved.

The European Parliament has not only urged the Council of Ministers to give their go-ahead to the EC passport, they also asked the Council to make a concerted effort to gradually reduce passenger controls between EC countries to the bare minimum required for security.



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