



E.C. Statement at the Opening of the 38th Session of the UN General Assembly

The statement on behalf of the European Community and its Member States during the Assembly's general debate was delivered on 27 September by Mr. Yannis Haralambopoulos, the Foreign Minister of Greece, the country currently acting as President of the Council of the Community.

Mr. Haralambopoulos first recalled how relations between East and West had been gravely affected in recent years by the Soviet invasion of Afghanistan, the situation in Poland, the continued Soviet military build up and, more recently, by the shooting down of the Korean airliner. The successful conclusion of the CSCE negotiations in Madrid, however, had been a cause of satisfaction to the Ten and reinforced their determination that progress should be made in the sphere of arms control and disarmament. They looked forward to the *Conference on Disarmament in Europe*, soon to be convened in Stockholm, whose first stage would be devoted to "negotiation and adoption of confidence and security building measures which will be militarily significant, binding, verifiable and applicable to the whole of Europe."

Turning to European concerns over major trouble spots in the world, the Ten hoped that, as regards the *Lebanon*, the dialogue about to be initiated would lead to national reconciliation and ensure the unity of the country. The Ten stressed "the need for early progress towards the complete withdrawal of all foreign forces, with the exception of those whose presence would be required by the Lebanese Government." So far as a solution to the broader *Arab-Israel* conflict was concerned, Mr. Haralambopoulos declared that "a lasting peace can only be built on the right of all states in the region, including Israel, to a secure existence and on justice for

all peoples, including the right of the Palestinian people to self-determination with all that this implies."

As regards *Afghanistan* and *Kampuchea*, the Ten maintained their support for solutions in accordance with the resolutions adopted by the United Nations. The situation in *Cyprus* constituted a potential danger for the peace and stability of the whole area; the Ten reaffirmed their position as reflected in Assembly resolutions 3212/74 and 3395/75 and supported the efforts which the Secretary-General had undertaken. In *Southern Africa*, *Namibia* continued to be illegally occupied by South Africa, in defiance of international law and UN resolutions. The Ten reiterated their conviction that the people of Namibia should be allowed to determine their own future through free and fair elections held under UN supervision and control in accordance with Security Council resolution 435. They urged all parties "to facilitate the conclusion of the negotiations without further delay and to refrain from any action which could endanger an agreement." The Ten condemned and rejected the system of institutionalized racial discrimination



Greek Minister of Foreign Affairs Mr. Yannis Haralambopoulos addressing the 38th General Assembly, at the United Nations, on behalf of the European Community and its Member States.

known as "Apartheid" which was practised by South Africa. The external intervention to which Chad had fallen victim was a matter of grave concern. The Ten underlined the role which the Organization of African Unity could play in restoring peace.

The Member States of the European Community were historically linked by human, economic and cultural ties with *Latin America*, and attached importance to further promoting these relations. The serious situation in *Central America* could have repercussions extending well beyond the region itself. "The endemic social inequalities, injustice and economic underdevelopment are at the root of the present crisis, which is aggravated by outside interference." At their meeting last June in Stuttgart, the ten Heads of State and Government had clearly stated the principles for remedying this situation. The Ten were convinced that the problems of Central America could only be solved "through a political settlement springing from the region itself" and fully supported the Contadora Group initiative.

With regard to the world economy, the Minister laid stress on the interdependence of all economies, which had been reflected at the OECD meeting in May 1983 and the Williamsburg Summit, as well as at UNCTAD VI and the current negotiations for the renewal of the Lomé Convention.

Referring to the Secretary-General's report, Mr. Haralambopoulos declared in conclusion that:

"We, members of the European Community, believe that the principles of the Charter, which gives expression to the universality of our Organization, provide the framework for the peaceful settlement of disputes all over the world. It is in this positive spirit that the Ten have already initiated a dialogue with several third countries and some regional organizations or groups. They are ready to extend this dialogue so as to include any new partners who would wish it."

President Thorn in New York

Mr. Gaston Thorn, President of the Commission of the European Communities, visited New York at the end of September to attend the opening week of the 38th Assembly Session. In the course of his visit President Thorn participated in the informal meetings of Heads of State or Government held at the invitation of Mrs. Gandhi. Mr. Thorn also held discussions with President Mubarak of Egypt, Prime Minister Trudeau of Canada, Chancellor Sinowatz of Austria, the Secretary-General, Mr. Perez de Cuellar, and with the Foreign Ministers of Brazil, Canada, China, Finland and Singapore.

During his New York visit, Mr. Thorn addressed the American-European Community Association on the outlook for US-European relations. A continuation of "Turbulence across the Atlantic"—as his speech was entitled—remained likely. Despite an improvement in economic activity—especially in the US—disputes had arisen, not only on a general policy level (such as over exchange rates, interest rates and budgetary deficits), but also on more specific areas including US restrictions on imports of speciality steel, and US and EC charges of unfair agricultural export practices.

President Thorn concluded by emphasizing that:

"Trade frictions are by no means the most important of the problems we face today, but they are crucial. If our trade relationship breaks down then the one world trading system, on which the prosperity of the West has been built for the past 35 years, is finished."

Kampuchea

During the General Assembly's consideration of the item "The Situation in Kampuchea," a statement was made, as in previous years, on behalf of the Member States of the

European Community. In the speech delivered by the Greek representative on 25 October, the Ten referred to the earlier resolutions which had called for the withdrawal of Vietnamese forces, the right of Kampuchean to determine their own future, and the commitment of all states to non-interference and non-intervention in Kampuchean internal affairs. All efforts to end the occupation had so far foundered, however, on the refusal of Vietnam to comply with the United Nations resolutions. The resulting stalemate aroused deep concern among the Ten, who supported the regional approaches which had been put forward by the ASEAN countries; they viewed positively the joint statement which the ASEAN Ministers had issued in September. The establishment of the coalition of Democratic Kampuchea under the Presidency of Prince Norodom Sihanouk was a significant step. The key requirement of a just and lasting solution to the Kampuchea question remained the complete withdrawal of the Vietnamese forces. The Ten were ready to support any initiative which aimed at establishing a democratic government in a neutral and independent Kampuchea maintaining friendly relations with all the States in the region.

As regards the humanitarian aspect of the question, at the Donors' meeting on 16 September, the European Community announced that it had decided to supply food aid to a value of 2 million ECU, to be used for the Khmer displaced people on the Thai-Kampuchean border. The aid which the Community had so far agreed to provide in 1983 amounted to 4.4 million ECUs.

Most-Favoured-Nation Clause

The Sixth (Legal) Committee of the Assembly has examined on a number of occasions the Draft Articles on Most-Favoured-Nation Clauses pre-

pared by the International Law Commission. In the statement delivered on 20 October, the Community reiterated its view that the most-favoured-nation clause did not apply so as to allow third states to claim the benefits of membership of a customs union or other regional integration bodies. The fact that the draft was restricted to clauses contained in treaties between states limited its value, furthermore, since preferential treatment might be granted by regional integration bodies, such as the European Community. If the rules on most-favoured-nation treatment were inadequately formulated, this could disturb the preferential treatment which developing countries are given under the Community's application of the Generalised Scheme of Tariff Preferences (G.S.P.), for example, or under the Stabex system under the Lomé Convention.

Towards Lomé III

On 6 October 1983, the European Community and the 63 ACP (African, Caribbean and Pacific countries) opened negotiations in Luxembourg on a new EEC-ACP Convention, also dubbed the Lomé III Convention. In addition to the 63 signatory ACP countries—soon to be joined by the newly independent St. Christopher and Nevis-two non-member African countries, Angola and Mozambique, also attended the negotiations, and it is possible that they too may become parties to the new Convention.

The existing EEC-ACP Convention, signed at Lomé on 31 October 1979 expires on 28 February 1985. As in the case of Lomé I and II the Commission is authorized to open and conduct the negotiations on behalf of the European Community, in close contact with a committee composed of Member State representatives who will attend the negotiating sessions as observers.

The future Convention will, in line with Lomé I and II, aim at increasing the effectiveness of co-operation. The objective of this co-operation will be to support the ACP States' own efforts to achieve self-reliant and self-sustained development.

Mr. Haralambopoulos, the Greek Foreign Minister and current President of the European Council of Ministers, set out a number of priorities on behalf of the European Community to be incorporated into the new Convention. These priorities can be summarized as follows: a) special consideration should be given to the less developed countries; b) food production and food security of supplies should be boosted and c) regional co-operation and rural development should be promoted.

Trade between the Ten EC Member States and the ACP countries was roughly \$36 billion in 1982—the EC showing a slight surplus of circa \$400 million. For the first quarter of 1983, the EC was running a slight deficit with the ACP countries.

EC's Stabex Fund: Up to Expectation in 1982

On 26 October, the Commission of the European Community agreed to the payment of further transfers out of the Stabex Fund, now totalling an expenditure of 65 million ECUs, in respect of 30 claims from 19 ACP States for stabilizing their agricultural export earnings in 1982. Some 6 more claims remain to be appraised out of the 58 which were submitted, 10 of which were rejected by the Commission because they were not in line with Stabex rules. The Stabex experts are, nevertheless, almost certain that Stabex will, for the first time under Lomé II, live up to ACP expectations. The main beneficiary in 1982 is Papua-New Guinea (16 million ECUs for coffee, 4 million

ECUs for cocoa beans and 3.5 million ECUs for copra). Some 30% of the total funds transferred alleviate shortfalls in coffee exports, 28% concern cocoa beans and 10% cotton.

Set up under the first Lomé Convention, the Stabex system was hailed as one of the major new initiatives designed to ensure that the ACP States would get a fair deal from their commodity exports. The system worked well under Lomé I, providing compensation for those ACP States whose export earnings were drastically reduced as a result of natural disasters destroying crops or declines in demand.

Under Lomé II, however, Stabex suffered a major setback. 1980 and 1981 were disastrous years for commodities. Prices, particularly in the coffee and cocoa sectors, fell to their lowest levels in almost 50 years and the ACP states turned to Stabex for aid. The Stabex system was never intended to act as a buffer for severe price declines. This was the role to be played by international commodity agreements. But, because the international agreements could not weather the storm, the ACP states expected Stabex to step in and take over. Stabex could not. The simple problem was that there were not enough funds available. In 1980 and 1981, the demands made on the Stabex fund were such that it could not even cover half the aid requests. Stabex was accused of failing in its objective and, since that time, the whole system had been called into question, but subsequently appears to have overcome its "financial crisis".

Food Problems

In the Community statement made in the Second Committee during its consideration of the item "Food Problems," as in that delivered on World Food Day, the Community emphasized its concern for the posi-

tion facing the developing countries. Despite their efforts and the aid provided, the majority of developing countries were unable to meet their food needs; their food imports were rising accordingly, with consequences for their balance of payments. As had been stressed by the Community at the opening of the negotiations on Lomé III Convention, rural development had to be made a priority concern. The Community had offered its assistance and that of its Member States to four African States which were seeking to implement food strategy plans. So far as food aid and security were concerned, the Community had taken steps to help African countries particularly affected by exceptional climatic conditions. Seventy per cent of the resources of the EC Programme to combat hunger in the world were directed to meet African needs. As regards international trade, amongst the industrialized countries the European Community had the highest level of imports per capita of agricultural products from developing countries.

imports and were still confronted with sluggish markets for their exports, unfavourable terms of trade and higher debt servicing costs. It was essential that adequate financial resources should rapidly be made available to the IMF. While welcoming the compromise on extending access to IMF resources, the Community and its Member States regretted that it had not yet been possible to increase IDA funds.

Reviewing the various international discussions that had been held on trade and North-South issues, it was recalled that at the GATT Ministerial Meeting in November 1982, the European Community reaffirmed its commitment to resist protectionist pressures in the formulation and implementation of trade policy, a commitment which had been reiterated at UNCTAD VI.

Conclusion of EC-Andean Pact Negotiations

On 27 October, the European Community and the Andean Pact countries (*Bolivia, Colombia, Ecuador, Peru, Venezuela*) completed negotiations for the conclusions of an **Economic Co-operation Framework Agreement**. The Parties will sign the Agreement on 17 December, in Bogota, on the occasion of the special meeting of the Presidents of the Andean Pact countries, convened to commemorate the bicentennial of the birth of Simon Bolivar.

The Agreement, the first of its kind, between the Community and a **regional grouping** in Latin America, is a 5-year non-preferential Co-operation Agreement, designed to provide closer trade and economic relations between the two Parties. Both sides grant each other the benefit of the GATT most-favoured-nation clause. The Agreement will

UN Second Committee General Debate

The practice of holding a general debate at the start of its work was resumed this year by the Second (Economic) Committee of the General Assembly. In the speech made on 17 October on behalf of the European Community and its Member States, it was stated that there were now clear signs of recovery in some industrialized countries, though in Europe the prospects were less certain. Unemployment, balance of payments deficits and continuing high interest rates remained points of concern. So far as the developing countries were concerned, they faced a severe reduction in their

apply to maritime transport, generalized preferences and financial co-operation. In the latter field, the European Community undertakes that adequate resources will be

made available to enable co-operation to be implemented in practice. A Joint Commission is established to study and promote measures for the execution of the Agreement.



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News in Brief

Annual Economic Report: The Commission's annual report on the Community's economic situation shows a guarded optimism. Introducing the report, Commission Vice-President Ortoli said that the signs were encouraging, but warned against over-optimism. There were still too little evidence of structural change and significant uncertainties remained on the international scene, particularly on interest rates and exchange rates.

Amongst the forecasts contained in the report, the Commission expects EC growth to be on average 1.5% during 1984 (up from 0.5% in 1983); inflation, as measured by consumer prices EC-wide is likely to drop slightly from 6.3% to 5.6% in 1984; the trend for a drop in the current account deficit in the balance of payments is forecast to continue in nearly all Member States; unemployment, however, is likely to increase despite the recovery.

GDP Growth in the EEC and the USA-Forecasts for 1983/84

| EEC Member States | 1983 % | 1984 % |
|------------------------|--------|--------|
| Belgium | -0.9 | 0.6 |
| Denmark | 2.2 | 1.2 |
| Federal Rep of Germany | 0.7 | 2.1 |
| Greece | -0.2 | 1.5 |
| France | -0.3 | 0.4 |
| Ireland | 0.5 | 1.8 |
| Italy | -0.8 | 1.5 |
| Luxembourg | -2.4 | -1.0 |
| Netherlands | 0.3 | 0.0 |
| United Kingdom | 2.8 | 2.2 |
| Average in EC | 0.5 | 1.5 |
| USA | 4.7 | 4.0 |

Source: Commission of the European Communities and the Council of Economic Advisors (US)

Mediterranean Policy: The Ministers of Agriculture reached agreement on measures to help the Community's Mediterranean producers. This follows two years of negotiation. The decisions will mean changes to the market organization for fruit and vegetables, olive oil and raisins, special help for the establishment of producer organizations and modification of the rules on third country imports. Agreement on this package means that negotiations can now begin with Spain and Portugal on the agricultural aspects of enlargement.

Supplementary Budget: The Foreign Ministers were able to reach agreement on the second supplementary budget for 1983, following the European Parliament's recent passage of the budget last week. The budget now requires the formal signature of the Parliament's President. The supplementary amounts are: agriculture - 1,761m ECU; risk sharing (rebates to UK and Germany) - 370m ECU; Social Fund - 64.5m ECU; other expenditure - 69.5m ECU.

Agricultural Finance: The European Commission has decided to prolong indefinitely, but not beyond the end of the year, the suspension of advance payments on export refunds and on a range of direct premiums. Further measures will help to reduce the call on Community agricultural funds during November and December. Credits available for November and December total 2,396m ECU. The monthly average of January-September payments to Member States for agricultural guarantee spending was 1,340m ECU.