

THE BRUSSELS REPORT

EEC TRENDS AFFECTING INTERNATIONAL TRADE AND INVESTMENT

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ENLARGEMENT DELAY?...From one crisis to the next in the EEC.

Having just resolved one crisis situation over the British contribution to the joint budget (See THE BRUSSELS REPORT, May 5, 1980, November 19, 1979), the EEC appeared to slide almost immediately into a new crisis. This latest in a series of lengthy controversies which has rocked the group surrounds the possibility of delaying further the enlargement of the EEC to include Spain and Portugal. Greece which has already completed its entry negotiations and is set to join next year will apparently not be affected.

Franco-German "directorate" seems unified on this possible delay.

Rather than being isolated on his sudden about-face on the subject, French President Valery Giscard d'Estaing, seems to have some support from his close partner in the unofficial running of the EEC, West German chancellor Helmut Schmidt. The French leader proposed a "pause" in the enlargement process to further integrate Great Britain, which had joined in 1973 but which almost continuously since then complained and tried to change the organization to its own liking. Giscard said that rather than rush into another enlargement which could further undermine the unity of the EEC, it should delay the applications of Spain and Portugal, which would also require considerable economic sacrifice and attention. Although it first appeared that he was alone on this controversial proposal, Giscard soon received some support from Schmidt, who said that enlargement could only be undertaken if the EEC is strengthened through internal reform.

Problems of enlargement have been recognized before.

The obvious problems of the EEC, Spain and Portugal adjusting to each have been discussed for years (See THE BRUSSELS REPORT, May 5, 1980, September 24, February 12, 1979). Even before the negotiation talks began, the EEC Commission and the French Government itself pointed to these difficulties.

Competition, financial aid and internal institutional reform cited.

It was only too clear foreseen by the EEC and national officials, and especially the French and Italian farmers that the addition of three new Mediterranean members would mean serious and costly competition in farm products for the present members and also the other Mediterranean countries with whom the EEC already had preferential trade agreements with. The lower level of economic development in all these Mediterranean areas was also anticipated to eventually require billions in aid from the EEC coffers to bring up to a more representative level. Enlargement would also require internal institutional reform of the EEC to cope with the additional members, staffers and veto powers over decisions. But all these enormous difficulties had been cast aside in favor of the political necessity for the EEC to display solidarity with these emerging democracies and strengthen their new forms of government after years of dictatorships. Just the same week as Giscard's speech, the EEC Commission had recommended some \$400 million to help Portugal prepare for entry in the next two years.

Negotiation delay urged.

Probably bowing to domestic Presidential campaign political pressure, Giscard openly said what many suspected France was doing anyway when he urged a delay in the negotiations with Spain and Portugal, which were not expected to end until 1983 anyway. Although the first reactions from the rest of the EEC and the candidate countries seemed to be against the Giscard proposal, Schmidt eventually gave some support to the idea. With both the strongest EEC members supporting the idea, it would seem to be in effect on a de facto basis whether anyone else is in favor:

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If all can stand the political price, the idea has some merit.
Both Giscard and Schmidt coupled their suggestions of delay with the need to get busy on reforming the inefficient and costly EEC agricultural policy and the decision-making process. Seen in this light the pause for house-cleaning or even a reform accompanying talks with Spain and Portugal could be a healthy factor. But the prospects might also mean worsening relations and political instability in Madrid and Lisbon if not in the EEC members. It would also seriously affect the plans of international business in the EEC and in the applicant countries, which was already gearing up for eventual benefits or adjustments caused by EEC membership of the additional countries.

INDUSTRIAL HEALTH & SAFETY

New measure adopted on risks of toxic substances.

The EEC Council of Social and Employment Ministers has just adopted a new directive concerning the protection of workers against risks from exposure to chemical, physical and biological substances. It is one of several in this field (See THE BRUSSELS REPORT, March 12, 1979), which will also be followed by more specific laws on individual products.

Covers only salaried staff, will require medical supervision.

While the Council did not support the EEC Commission recommendation that the law apply to all persons coming into contact with such harmful substances and decided that it would apply only to regular employees, the Council did go along with the idea that it should involve close medical monitoring of workers exposed to lead and asbestos. These requirements will have to be applied within the next four years and will also have to involve consultations with unions and workers in the plants affected.

More measures to follow to set limits and cover other substances.

For other substances such as arsenic, cadmium and mercury will follow later. The Commission is also set to introduce in the coming weeks specific limit on workers' exposure to asbestos' levels in the coming weeks, and one on lead has been before the Council for several years. The Ministers agreed to deal with these within the next three years.

Other policy statement adopted on labor market cooperation.

Also at the same meeting, the Council adopted a resolution paving the way for more cooperation and information between EEC national employment placement services. Concrete action is supposed to follow but may come only slowly.

EQUAL OPPORTUNITY

Conference reviews progress in field.

A recent conference in Manchester organized by the EEC Commission involving a number of official and non-governmental equal opportunity organization examined the slow progress in application of EEC laws assuring equality between men and women workers for pay and employment opportunities (See THE BRUSSELS REPORT, March 10, 1980).

New EEC action program planned.

One of the aims of the conference was to generate recommendations for a proposed action program for the EEC to be prepared by the staff of Social Affairs Commissioner Henk Vredeling. The conference concluded that while the concept of equal pay is well established, it is only slowly put into practice. It also found that laws in most EEC countries still penalize women with built-in wage inequality and that women were generally among the first victims of the introduction of new labor-saving technology.

Vredeling planning new proposal on parental leave.

Just about the only new bit of information from the meeting was the indication by Commissioner Vredeling that his staff would soon submit a new proposal to harmonize EEC laws on maternity and other parental leave policies in industry.