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Report

on behalf of the Committee on External Economic Relations

on the harmonization of export aid systems

Rapporteur: Mr P.-B. COUSTÉ

PE 47,346/fin.

At the sitting of 14 October 1975 the President of the European Parliament referred the oral question by Mr Kofoed on the harmonization of export aid systems (Doc. 276/75) and the motion for a resolution tabled by the Liberal and Allies Group (Doc. 312/75) to the Committee on External Economic Relations as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion.

On 25 November 1975 the Committee on External Economic Relations appointed Mr Cousté rapporteur.

The committee considered the draft report at its meetings of 20 April and 22 June 1976 and 25 January, 22 February, 30 March and 25 May 1977.

At its meeting of 25 May 1977 the committee adopted the present report unanimously with one abstention.

Present: Mr Scott-Hopkins, acting chairman; Mr Schmidt, vice-chairman; Mr Cousté, rapporteur; Mr Amadei, Mr Bersani, Lord Brimelow, Mr Corrie, Mr de Clercq, Lord Murray of Gravesend (deputizing for Mr Bayerl), Mr Klepsch, Mr Maigaard, Mr Mitchell (deputizing for Mr Thornley), Mr Nyborg, Mr Pucci, Mr Radoux and Mr Vandewiele.

The opinion of the Committee on Economic and Monetary Affairs is attached.

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The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the harmonization of export aid systems

The European Parliament,

- having regard to the motion for a resolution tabled by the Liberal and Allies Group (Doc. 312/75) at the end of the discussion on the oral question by Mr Kofoed on the harmonization of export aid systems (Doc. 276/75)¹,
 - having regard to Article 113 of the EEC Treaty, pursuant to which commercial policy is the responsibility of the Community,
 - having regard to the Opinion of the Court of Justice of the European Communities of 11 November 1975²,
 - having regard to the report of the Committee on External Economic Relations and the opinion of the Committee on Economic and Monetary Affairs (Doc. 129/77),
1. Notes that the disparities between national export aid systems applied in the Member States may distort competition and damage the Community and, ultimately, each of the Member States themselves;
 2. Opposes any stepping-up of national export aid measures and stresses that responsibility in this field lies with the Community bodies;
 3. Stresses the increasing importance of implementing a Community commercial policy and the need to adopt a common Community position on the question of export aids vis-à-vis the developing countries, the industrial countries and especially the state-trading countries;

¹ OJ No. C 257, 10.11.1975, p. 11

² OJ No. C 268, 22.11.1975, pp. 18-23

4. Notes that by its Decision of 14 March 1977, the Council has adopted the 'gentlemen's agreement' as an element of Community policy; notes further, however, that the European Parliament has so far had to rely on press reports to enable it to assess the details of this agreement;
5. Notes the Commission's apparent inactivity, particularly since 1973, as regards the implementation of the necessary measures to harmonize export aids while maintaining and improving the Community's competitive position;
6. Calls on the Commission and the Council, acting within their respective terms of reference, to
 - further limit the number of economic sectors excluded by this Council Decision,
 - tighten up the provisions relating in particular to mixed financing, minimum interest rates and credit duration so that derogations may only be authorized by a majority decision;
7. Hopes that the proposal for a regulation on the establishment of a Community investment guarantee system will be brought up to date and resubmitted to the Council;
8. Hopes that an inventory of the various export support measures accorded by the Member States of the Community will be drawn up as soon as possible, on the basis of which, at a first stage, new national measures will be permitted only within a compulsory Community consultation procedure, and, at a second stage, all measures in this field will become the responsibility of the Community bodies as provided for in the Treaties;
9. Instructs its President to forward this resolution and the report of its committee to the Council and the Commission of the European Communities.

EXPLANATORY STATEMENT

I. Introduction

1. Pursuant to Article 113 of the EEC Treaty, the Community has de jure responsibility for commercial policy. However, the defining, shaping and harmonizing of the various aspects of this policy continue to prove extremely difficult and results to date have been poor. This is why, in his oral question debated at the plenary sitting of the European Parliament on 14 October 1975, Mr Kofoed referred to the important field of the various national export aid systems in which, because of the lack of harmonization, serious distortions of competition in foreign trade and between exports from Community countries still persist.
2. The export aid systems applied in Member States form a complicated whole, with very complex technical features and often contradictory political objectives. The Community's progress on harmonization in this particular field has been disappointingly poor.

Nevertheless, the laws of supply and demand regulate, more or less independently, intracommunity trade. For imports to the Community, there is a common customs tariff. On the other hand, exports are not subject to any such regulating machinery. As the economic problems of the Member States increase, as their currencies lose stability, as rates of inflation and balance of payments deficits soar, competition in the foreign trade sector becomes increasingly fierce and, because of the importance attached to the immediate national interest, damages the Community as a whole and in the final analysis each of the Member States themselves.

II. The effect of export aid measures on the commercial policy of the European Communities

3. Going back in time, we can see that the whole range of export support measures - which states have never hesitated to apply in past centuries and in particular since the Second World War - has acquired new importance. Thus, as a special incentive when trade was booming, many countries introduced export credit systems to protect their exporters from certain risks.

The present export aid systems were therefore introduced in the various Member States before the foundation of the European Community. They differ greatly from one another and in general reflect the particular national trade policies which were developed at that time. Under the pressure of the economic difficulties arising during the latest periods

of world recession, the Community countries have also made efforts not only to maintain but also to raise the level of their exports by taking new measures to help their respective exporters with their most profitable exports.

Unfortunately, this trend has led to damaging competition within the Community in the field of export credits and, often, a striking fall in the economic value of exports. This is because the granting of export aid, of whatever kind, can help to increase the national debt which in the last resort must be paid for from taxation.

4. It is clear from the above that if each state allowed its own specific combination of productive factors to withstand international competition without attempting to influence it in any way, there would be no need to deal with the problem of export subsidies in this way. Such discipline however remains mere wishful thinking. Because of its important commitments in foreign trade, the Community must hold its place in international competition and in particular in competition with partners as powerful as the United States and Japan and others as dangerous as the state-trading countries.

With this in mind, the Treaty of Rome conferred a large range of powers on Community bodies to allow them to draw up a Community trade policy. On this basis, the Court of Justice of the European Communities confirmed that the Commission had exclusive powers in the field of export aids¹. However, this has remained a dead letter, and it is the Community which suffers.

The fact is that the Member States continue to exercise, in the field of export aids, powers which do not correspond with the spirit of the Treaty and which are difficult to reconcile with the implementation of an effective Community commercial policy. Thus the Commission confirms, for example, in reply to a question, that the alarming increase in the deficit of the Eastern Bloc countries² is due principally to exports from industrialized countries, which are subsidized by public credits to an extent which will shortly become unacceptable.

¹ OJ No C 268, 22 November 1975, p. 18 - 23

² According to OECD statistics, the visible deficit of the COMECON countries in 1976 was 6,400 million dollars

5. The Committee on External Economic Relations should therefore vigorously oppose any return to the policies of each man for himself, followed in past centuries. By this we mean a national export policy pursued to the detriment of neighbouring countries, or more precisely, a policy of exporting unemployment to other Member States. It is clear that the implementation of such a policy would unleash a chain reaction whose damaging consequences have been demonstrated on several occasions in economic history.

One of the Community's priorities must be to abolish progressively and definitively this burdensome and dangerous competition both among Member States and between them and their other world trading partners.

III. The Community's powers

6. As we have pointed out, the commercial policy, under Article 113 of the Treaty establishing the EEC, comes within the powers of the Community and not of the Member States. Consequently the Community has jurisdiction in respect of all kinds of export aids, be they interest subsidies, special export credits, bonuses, guarantees, tax benefits or other similar measures.
7. This was once more confirmed by the opinion of the Court of Justice of the European Communities mentioned above, in which the Court stressed that distortions of competition can be eliminated only by means of a strict uniformity of credit conditions granted to undertakings in the Community, whatever their nationality. Similarly, the Court of Justice goes on to specify that this conception is clearly incompatible with 'the freedom to which the Member States could lay claim by invoking a concurrent power, so as to ensure that their own interests were separately satisfied in external relations, at the risk of compromising the effective defence of the common interests of the Community'.
8. What are the Commission's powers in this field? The Treaty specified that commercial policy, and export policy in particular, must be based on uniform principles, it being the Commission's task to make the necessary proposals to achieve this objective. Besides this, the Commission has special jurisdiction over the negotiation and conclusion of international agreements.

In the first case, where the Commission submits proposals to the Council, these could, for example, involve the harmonization of existing aid systems, the abolition of aids, or the formulation of a Community system. It is for the Council to adopt, amend or reject the Commission's proposals. In this field, therefore, the Commission only has a right of initiative whereas for aid granted in the framework of the Community under Article 93 of the EEC Treaty it has the right of decision.

The European Court of Justice confirmed that the power to negotiate international agreements on export aids belonged unequivocally to the Community. The allocation of powers between the Community bodies is defined in Article 113 (3) of the EEC Treaty: 'Where agreements with a third country need to be negotiated, the Commission shall make recommendations to the Council, which shall authorize the Commission to open the necessary negotiations. The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task and within the framework of such directives as the Council may issue to it'.

The Commission's powers are thus defined strictly and clearly. In the following chapter we will see what progress has been made in this field so far.

IV. The state of harmonization of export aid systems in the Community

9. Since approximately 1960, work in the Community has centred on the relatively simple field of credit insurance. Although progress on proposals to harmonize interest rates and insurance **periods** was extremely slow, the work of the Commission has practically come to a standstill in this field since the enlargement of the Community.

The Commission explains these poor results in its reply to a written question¹: faced with the problems raised by the enlargement of the Communities, 'the Commission adopted a new approach. It abandoned the idea of identical credit insurance policies and is now concentrating on common principles to be applied to harmonization in this area. A working document defining this new approach produced in 1974 is now being examined by experts. The Commission will present a formal proposal to the Council in due course',

¹ Reply to a written question by Mr Jahn, No. 811/75 - OJ No C 99.
3 May 1976, p. 37

10. In this respect, it is interesting to examine a summary of the Commission's work in this field, attached to this report. The texts listed under Sections I and II, adopted by the Council and in force since 1960, come down to the following:

- the setting up of a working party;
- the introduction of a consultation procedure;
- the implementing measures in a subsidiary field for export guarantees and finance and
- a convention applicable to credit insurance institutions in the Community.

Point III of Annex I lists three texts adopted by the Council in 1970 and 1971, but which have not yet entered into force. Lastly, point IV lists other Commission proposals which the Commission itself has withdrawn or on which the Council has not yet reached a decision.

These documents and dates illustrate the difficulties which the Commission faces in the Council. However, on the basis of the Council Decision of 14 March 1977, it has at last managed to have the 'gentlemen's agreement' concluded between some of the Member States and the USA and Japan transferred into the Community framework. According to information received from the Commission, this applies to the main points of the agreement (of 27/28 June in Puerto Rico - see Annex II).

The Committee on External Economic Relations regrets that it has not been officially informed either by the Council or the Commission of the Council Decision referred to above and can therefore give no detailed opinion of the measures decided upon. A parliamentary body cannot carry out its work responsibly if press reports are its sole source of information.

11. It must also be said that the Community's activity, and in particular that of the Commission, as the motive force behind the process of integration, has been inadequate. Of course the enlargement of the Community has given rise to numerous problems in the field of export aid systems as elsewhere. Of course agreement on common principles in this complex area must be sought in collaboration with national experts. Yet these complications cannot justify the lack of initiatives by the Commission nor its failure to press for the implementation of the proposals submitted to the Council to harmonize export aid systems.

Outstanding problems

12. Discussions in the Committee on External Economic Relations on the Commission's proposal for a regulation setting up a European Export Bank¹ have already shown the difficulty and complexity of the matters being dealt with here. This Bank is intended to promote multinational Community projects for exporting capital goods and improve the Community's competitive position on world markets.

This proposal was the subject of controversy in the professional circles involved as well as in the committees of the European Parliament which were consulted; but what was emphasized in the discussions was that comprehensive progress in harmonizing export aid systems was a prerequisite for the proper operation of a European Export Bank.

13. Another outstanding problem concerns the introduction of a system of Community guarantees for private investments in third countries. The European Parliament welcomed the Commission's proposal on this matter and approved it on 13 February 1974². Since then it seems that none of the Community institutions have paid any further attention to this project whose importance has further increased in recent years, particularly in the light of the development possibilities arising from the Euro-Arab dialogue and the North-South dialogue. These guarantees for foreign investment must, in view of their effects, be considered as part of the export aid systems. It is high time the European Parliament, together with the Commission, reminded the Council of this important project and encouraged it to reach a decision on it as quickly as possible and bring it into force.

¹ See Doc. 41/76

² See also the ARMENGAUD Report - Doc. 208/73

14. As regards the above-mentioned 'gentlemen's agreement', the Commission, as we have said, has finally succeeded in transferring the fundamental agreements into the Community framework, thereby making them binding on all the Member States. These agreements concern the fixing of minimum credit rates and maximum credit durations with a view to reducing the world-wide competition in the export credits sector. To create some kind of framework for competition in this area ought to be a positive measure. However, it should be recalled that the basic Council Decision is due to expire on 30 June 1977 and that an extension based on the results achieved is still outstanding.

In the light of the information presently available to the committee, however, the effects of this Council Decision must be put even more into perspective. The direct link with the Puerto Rico agreements will extend the harmonization achieved well beyond the limits of the Community and effectively block any initiatives in the field of export credits which the Community might wish to take outside this framework. Furthermore, any possible effects will be minimized by the large number of derogations, especially as regards exports in the shipbuilding, steel and power station sectors. We consider it absolutely essential - in so far as this can be assessed at present - that the number of economic sectors excluded by the Council Decision should be limited and the framework provisions relating to minimum interest rates and credit durations tightened up.

Work to be done.

15. The European Parliament and the Committee on External Economic Relations have already on several occasions called upon the Commission to draw up an inventory of the various national export aid systems. Sir Christopher Soames replied at the end of July 1976 to a further question by the rapporteur that because of the highly technical nature of this matter and the growing number of changes over recent years, it was becoming increasingly difficult to keep an up-to-date inventory in this field. However, the appropriate departments of the Commission were in the process of drawing up this list.

The Committee on External Economic Relations once more calls upon the Commission to forward this list to it as quickly as possible and to publish it. The export aid measures still in force, which would then be known to all the member countries, could not at a first stage, be altered without reciprocal consultations in accordance with the procedure in force since 1964 which should be made compulsory and, at a later stage, should be transferred entirely and progressively to the Community institutions whose powers derive from the Treaties.

V. Conclusion

16. It will be difficult to make substantial progress in the field of harmonizing export aid systems until the Community has a unified economic and monetary policy. However, as we have stressed on several occasions, the powers of the Community institutions are unequivocally laid down by the Treaty of Rome and the role of the Commission has been confirmed by the European Court of Justice.

The Commission and the Parliament must continue to maintain joint and constant pressure on the Council and the governments of the Member States in this technically complex and politically sensitive field until they come to recognize that in the field of export aid Community interests are in the long run identical with national interests, so that eventually an end may be put to their competition on the world market which is contrary to the Treaty and damaging to the Community.

MOTION FOR A RESOLUTION (Doc. 312/75)

tabled by the Liberal and Allies Group

with a request for an immediate vote pursuant to Rule 47(4) of the Rules of Procedure following the debate on the oral question by Mr KOFOED (Doc. 276/75)

on the harmonization of export aid systems

The European Parliament,

- regretting the lack of results in the field of export credit harmonization,
 - having regard to Articles 92, 112 and 113 of the EEC Treaty, concerning state aids, export aids and export policy,
1. Requests that the Commission make a renewed effort to achieve an effective harmonization of the export credit systems of the member countries;
 2. Requests that the Member States and the Council of the Communities take immediate action to ensure that a common Community policy in this sector be implemented;
 3. Reserves the right to return to this issue in order to follow the development concerning export credit harmonization;
 4. Instructs its President to forward this resolution to the Council and Commission of the European Communities.

Work of the Commission of the European Communities in the field of credit insurance and export credits

I. TEXTS ADOPTED BY THE COUNCIL, PUBLISHED IN THE OFFICIAL JOURNAL OF THE EUROPEAN COMMUNITIES, IN FORCE

- Creation of a specialized Working Party by the Council
 1. Creation of the 'Policy Coordination Group for Credit Insurance, Credit Guarantees and Financial Credits' by Council Decision of 27 September 1960.
- Consultation procedure
 2. Council Decisions of 14-15 May 1962, 26 January 1965 and 25 July 1967 on 'Consultation Procedure in Matters of Credit Insurance, Credit Guarantees and Financial Credits'.
 3. Council Decision (73/391/EEC) of 3 December 1973 on consultation and information procedures in the fields of credit insurance, guarantees and financial credits (entered into force on 1 January 1974).
 4. Council Decision (76/641/EEC) of 27 July 1976 amending the above Decision.
- Guarantees on subcontracting operations
 5. Council Decisions of 15 June 1965, 14 June 1966, 22 December 1966, 10 December 1968 and 16 December 1970, on the arrangements applicable in the fields of export guarantees and finance to certain subcontracting operations effected in other Member States or non-member countries of the European Communities.

II. TEXTS ADOPTED BY THE COUNCIL, NOT PUBLISHED IN THE OFFICIAL JOURNAL OF THE EUROPEAN COMMUNITIES, IN FORCE

Convention governing the reciprocal obligations of credit insurance organizations in the European Economic Community for joint guarantees for contracts involving subcontracting operations effected in one or more Member States of the EEC.

(for the Six: entered into force on 15 June 1963)

(for the Nine: entered into force on 20 February 1974)

III. TEXTS ADOPTED BY THE COUNCIL, NOT IN FORCE

1. Council Directive (70/509/EEC), of 27 October 1970, concerning the introduction of a common credit insurance policy for medium- and long-term transactions for public buyers.
2. Council Directive (70/510/EEC), of 27 October 1970, concerning the introduction of a common credit insurance policy for medium- and long-term transactions for private buyers.
3. Council Directive (71/86/EEC), of 1 February 1971, concerning the harmonization of essential provisions as regards short-term transactions (political risks) for public and private buyers.

IV. OTHER PROPOSALS

1. Proposal for a Council directive concerning the introduction of a common credit insurance policy for medium- or long-term financial credit granted to a public buyer (borrower), presented by the Commission on 18 October 1971.
2. Proposal for a Council directive for the adoption of uniform principles on a guarantee for medium-term transactions for public and private buyers covered by general policies or floating policies, as well as a system of premiums relating to them, presented by the Commission on 23 November 1972.
3. (a) Proposal for a Council directive on the introduction of common principles on exchange guarantees for export transactions to non-member countries,
 - presented by the Commission on 3 August 1971
 - withdrawn by the Commission on 23 April 1975.
- (b) Proposal for a Council directive on the introduction of common principles on guarantees against cost increases for commercial export transactions with non-member countries,
 - presented by the Commission on 3 August 1971
 - withdrawn by the Commission on 23 April 1975.

- (c) Proposal for a Council directive on the abolition of the system of guarantees against cost increases for export transactions to non-member countries, presented by the Commission on 3 May 1976.
4. Proposal for a Council directive concerning the adoption of a common system of premiums for guaranteeing risks covered under common policies for medium- and long-term transactions based on suppliers' credit and intended for public and private buyers, presented by the Commission on 28 May 1971.
5. (a) Proposal for a Council directive amending the two Council directives of 27 October 1970 and the Council directive of 1 February 1971 concerning respectively the adoption of two common policies and the harmonization of certain other provisions in the field of credit insurance, presented by the Commission on 22 February 1972.
- (b) Proposal for an amendment to the Commission proposal of 12 May 1971 (COM(71) 506 final) for a Council directive on the adoption of a common system of premiums for guaranteeing risks covered under common policies for medium- and long-term transactions based on suppliers' credit and intended for public and private buyers, presented by the Commission, pursuant to the second paragraph of Article 149 of the EEC Treaty, on 22 February 1972.
6. Proposal for a Council regulation concerning public measures affecting the interest rate of export credits to certain industrialized countries and state-trading countries, presented by the Commission on 22 December 1972, decision to withdraw taken on 28 April 1976.
7. Proposal for a Council regulation introducing a system of Community guarantees for investments in non-member countries, presented by the Commission on 29 December 1972.
8. Proposal for a regulation laying down common principles and an administration procedure for guarantees and export credits to certain non-member industrialized countries and state-trading countries, presented by the Commission on 6 June 1973.

9. Proposal for a Council regulation setting up a European Export Bank, presented by the Commission on 17 February 1976.
 10. Recommendation for a Council decision authorizing the opening of negotiations for an international 'Gentlemen's Agreement' in the field of export credits, presented by the Commission on 30 December 1975.
-

Summary of the main points of the gentlemen's agreement of 27-28
June 1976 in Puerto Rico on export credits

The Governments of the United States, Japan, Canada, the Federal Republic of Germany, France, Italy and the United Kingdom have amended as follows the conditions for export credits receiving their official support, for export credits of a duration of two years or more. These new measures, which entered into force on 1 July 1976 will remain in force until 30 June 1977.

The beneficiary countries have been grouped into three categories:

- A. Rich or highly developed countries (per capita GNP greater than \$3,000);
- B. Average or intermediate countries (per capita GNP from \$1,000 to \$3,000);
- C. Less-developed countries (per capita GNP less than \$1,000).

Minimum deposits shall be 15% of the value of the contract.

Minimum interest rates shall be :

- (a) 8% for credits of more than 5 years granted to countries in category A;
- (b) 7.75 % for credits of more than 5 years granted to countries in category B;
- (c) 7.5 % for credits of more than 5 years granted to countries in category C.

The maximum duration for export credits shall, as a general rule, be fixed as follows :

Countries in category A : 5 years
Countries in category B : 8½ years
Countries in category C : 10 years

However, the United States and Japan have fixed a maximum duration of 10 years for countries in category C and 8½ years for all other countries. If the 5-year maximum duration for category A countries is exceeded the United States and Japan will notify the partners to the agreement 7 days in advance.

If the United States plans to exceed the maximum durations of 8½ years and 10 years, they will notify the partners to the agreement 7 days in advance; an additional delay of 9 days will be granted for discussions on request.

In addition, information shall be provided swiftly where :

- credits are granted within the framework of existing agreements,
- credit terms are fixed to counter competition from third countries.

These guiding principles will not be applied to the sale of agricultural products, aircraft (including helicopters) and nuclear power stations. Measures on deposits and maximum credit duration will not apply to the sale of ground stations for telecommunications satellites.

In addition, the maximum period of credit does not apply to the sale of conventional power stations and steelworks; however, the other parties to the agreement shall be notified 7 days in advance of transactions exceeding 5 years for countries in category A, 8½ years for countries in category B and 10 years for countries in category C.

All credits involving an aid component of 25% or more, according to the definition of the Development Aid Committee of the OECD shall be excluded from the guiding principles. All mixed credits involving an aid component of less than 15% will be notified 7 days in advance and credits involving an aid component of more than 15% and less than 25% shall be notified immediately.

Conditions for financing local expenses and guarantees against price increases are excluded from the guiding principles.

None of these guiding principles shall be binding.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

on the motion for a resolution on the
harmonization of export aid systems

On 5 November 1975 the Committee on Economic and Monetary Affairs appointed Mr Lange draftsman.

It considered the draft opinion at its meeting of 30 January 1976 and adopted it unanimously.

Present: Mr Leenhardt, chairman; Sir Brandon Rhys Williams, vice-chairman; Mr Lange, draftsman; Lord Ardwick, Mr Artzinger, Mr Delmotte, Mr Dykes, Mr Hougardy, Mr Scholten, Mr Schwörer and Mr Suck.

1. The diverse regulations on export financing applied by the Member States of the European Communities cause changes in the conditions of competition in the Common Market and consequent distortions. Insofar as these rules apply to trade between the Member States, it is questionable whether they are compatible with the provisions of the Treaties, but when it comes to promoting exports to countries outside the Community, they can still produce distortions of competition within the Common Market.

2. It is very much to be regretted that the number and the scope of regulations on export aids has continued to increase in recent years, although since 1 January 1973 there is supposed to have been uniform external economic and export policy under the jurisdiction of the Community. As far as the extension of credit to third countries is concerned, one effect of this has been to produce unacceptable, not to say ruinous competition between the Member Countries. It is a great pity that the Member Countries have so far been unable to reach an understanding on a common policy.¹

3. In view of the general situation of the world economy, it seems especially difficult at present to reach an agreement on the abolition of the existing national regulations. It is thus all the more imperative to insist that the Member States harmonize their export aid systems as quickly as possible in order to reach a standard system for the Community within a reasonable time. The Committee on Economic and Monetary Affairs therefore approves in principle the contents of the Motion for a Resolution (Doc. 312/75).

4. Without going into details, the existing national export aid systems cover a wide field: export credits; export credit guarantees; interest aid; exchange rate guarantees; cost escalation guarantees; guarantees for investments in third countries.

The Committee on Economic and Monetary Affairs shares the opinion of the Commission² that, under present conditions, the harmonization of technical details is less important than an agreement on fundamental principles; the Commission singled out questions like interest rates, periods to maturity, exchange rates and cost increase guarantees.

¹In the spring of 1975, the Commission of the European Communities withdrew its original proposals of July 1971 for exchange rate and cost escalation guarantees and has not since submitted any alternative proposals. It should be pointed out that the European Export Bank is envisaged as complementary to existing national systems and not as a replacement.

²Cf. Speech by Sir Christopher Soames, vice-president of the Commission of the European Communities, before the European Parliament on 14 October 1975.

The Committee on Economic and Monetary Affairs considers it right that the Commission should concentrate on this area in which distortions of competition can and do occur, but, on the other hand, it is not greatly impressed by results so far. In view of the difficulties encountered it is extremely doubtful that any quick results can be achieved as long as there is no general agreement that export aid systems fall within the competence of the Community.

5. It is not the duty of this committee to go into the purely external economic aspects of the export aid systems or the negotiations in the OECD and between the EEC, the USA and Japan. The committee would like to emphasise however that, as long as European industry does not enjoy the same favourable export finance terms as for example American and Japanese industry, it will probably prove impossible to repair the disunion which is evident within the EEC today.

This does not mean that the Commission and the Council can give up their efforts to harmonize regulations within the EEC until an international agreement has been reached, but rather that simultaneous attempts should be made to reach agreement with the USA and Japan and to agree on a common internal policy for the EEC.

The Committee on Economic and Monetary Affairs hopes that the agreements between Italy, France, Gt. Britain, Germany, the USA and Japan reached at the meeting in Rambouillet in November 1975 on solidarity and regard for each other's unemployment problems will very soon lead to a concerted external trade policy; this does, of course, presuppose a concerted employment policy.