

EUROPEAN COMMUNITY NEWS

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COMMISSION OF THE EUROPEAN COMMUNITIES

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WORLD MOURNS "MR. EUROPE"

The death of Paul-Henri Spaak -- a chief architect of the European Communities, former president of the Council of Europe, ex-president of the Organization of European Cooperation, first president of the European Coal and Steel Community, a distinguished secretary general of the North Atlantic Treaty Organization, first president of the United Nations General Assembly, twice premier and six times foreign minister of Belgium -- brought mourning and tributes on both sides of the Atlantic. Mr. Spaak died July 31 at the age of 73.

In Brussels, the Commission of the European Community issued the following statement: "Europe has lost a founding father. Paul-Henri Spaak was one of those who developed the ideology of European unity after World War II. As both a Belgian and a "European" politician, he worked steadfastly to achieve his ideas in the years following The Hague Congress of 1948. He was one of the Community's most lucid and efficient protagonists. . . a faithful, influential militant European to the end. European unity loses a precursor, but inherits what he had to teach. The Commission of the European Communities commends him to all who work for the ideal of a continental Community."

In the United States, plans were abruptly canceled for a visit this autumn by Mr. Spaak. Although retired from active politics since 1966, Mr. Spaak's vision and pragmatism had continued to play a vital role in Atlantic relations. His planned visit to the United States was to have included a conference at Louisiana State University on US-EC relations, discussions with former Secretary of State Dean Rusk, other faculty, and students at the University of Georgia, meetings in Washington, D. C., and conferences in New York at Columbia University and the Council on Foreign Relations.

COUDENHOVE-KALERGI, ANOTHER EC PRECURSOR, DIES

Richard N. Coudenhove-Kalergi, the founder of the Pan-European Movement with the goal of a federally united Europe, has died at the age of 77. The son of an Austro-Hungarian diplomat, Count Coudenhove-Kalergi was secretary-general and founder of the European Parliamentary Union and the first recipient of Aachen's Charlemagne Prize for services to European unity. In 1924, his book Paneuropa asked the question which the European Community now seeks to answer: "Can Europe preserve its peace and autonomy in the face of the growing non-European world powers, if it remains politically and economically divided, or is it forced to organize itself as a federation, to save its existence?"

US AGRICULTURAL EXPORTS GAIN

US agricultural exports during the past fiscal year jumped to an all-time high of \$8 billion -- due, in part, to increased exports to the European Community. According to the Department of Agriculture, US feed grain exports to the Community were more than 500,000 tons larger than the previous fiscal year. Also, because of reduced butter production in Europe, the world-wide demand for US dairy products increased -- contributing to a record \$1 billion in US exports of animals and animal products. US exports of tobacco and wheat to the Community declined, however.

EC RESPONDS TO US PROTEST

On July 31, the European Community lifted compensatory taxes on nearly \$40 million worth of US agricultural trade. The action by the European Commission came after the US Government had lodged a protest note with the General Agreement on Tariffs and Trade (GATT) Council in Geneva. The compensatory levies on the few agricultural products that remain will affect only about \$500,000 in US trade. The taxes had been introduced in the Community in May 1971, following the floating of the German mark. Representing the difference between official parity and currency quotations in relation to the dollar, the levies served to raise import prices when a currency appreciated or to lower import prices when a currency depreciated. In the American view, the taxes robbed the United States of trade advantages that should have been gained by devaluing the dollar.

COMMUNITY LAUNCHES CONSUMER SURVEYS

The European Commission is developing consumer surveys as a new instrument for short-term economic forecasting. The surveys, begun this spring, will be conducted on a regular basis until 1974. The first sample of 25,000 representative households throughout the Community indicated that most consumers were confident about the general economic trend for the next twelve months. Respondents also believed, however, that consumer prices would continue to rise -- and they seem to be right.

COMMUNITY COMMEMORATES MARSHALL PLAN

In commemoration of the twenty-fifth anniversary of the Marshall Plan, the European Community has contributed \$2,000 to the George C. Marshall Research Foundation in Lexington, Va. Making the contribution on behalf of the Community July 24 was Aldo Maria Mazio, the Commission's chief representative in the United States. The contribution goes directly to the library dedicated to the memory of the former U.S. Army General and Secretary of State and located on the grounds of the Virginia Military Institute, where General Marshall was a student before going to West Point.

COMMON MARKET BUDGET TOPS \$5 BILLION

The European Commission proposed last month a record \$5.4 billion budget for 1973. It will be the first Community budget to exceed \$5 billion. But Commissioner Albert Coppe pointed out that the record budget represents barely 3.3 per cent of the total national budgets of the six Community member states and only 0.7 per cent of their total gross national products. About 80 per cent of the proposed budget will go toward the agriculture guarantee fund and about 5 per cent toward administrative expenditures at the Market headquarters in Brussels. Mr. Coppe estimated that \$557 million of the new budget results from additional costs involved in enlarging the Community to ten countries.

ALTERNATIVES TO CONGLOMERATES?

European Commission officials are studying the feasibility of quasi-mergers between businesses. Initiated in France and known as "groupements d'interet economique" (GIE's), these business associations are useful for medium-sized and small firms that wish to cooperate in a particular sector of activity. The companies can work together without losing their independence. Since 1967, more than 3,000 GIE's have been formed in France -- for example, Total and Elf-Erap, two leading French oil companies, created a GIE in order to rationalize their chemical activities. Another GIE made the preliminary studies for the European airbus.

BIGGER COMMUNITY SHOULD MEAN BIGGER COMPANIES

The enlargement of the European Community to Ten may intensify multinational business activity. According to The Journal of Commerce, increased international mergers and takeovers would result from the formation of larger markets, the progressive harmonization of tax and other business regulations, and the gradual reduction of restrictions on capital movements. Already, banks from eleven countries have set up the International Merger Service in London in anticipation of the increased activity.

EC EXTENDS TIES TO LEBANON

The seven-year-old trade and technical cooperation agreement between the Community and Lebanon has been extended to July, 1973. A new, preferential trade accord is also under negotiation.

JAPAN AND COMMUNITY TO RENEW DIALOGUE

Trade talks between Japan and the European Community will open in Brussels this October. The talks could lead to a resumption of full negotiations for a three-year trade agreement to replace bilateral treaties between individual Common Market countries and Japan. After two rounds of talks in 1970-71, the negotiations stalled.

A "EUROPEAN" PATENT

Diplomats from twenty-one European countries will meet in Munich next year to consider the establishment of a European patent. The diplomatic conference follows the approval this summer of a draft convention setting up a European Patent Organization (EPO) in Munich. The patents granted by the EPO would be regarded as national patents in the ten member states of the enlarged Community as well as Austria, Finland, Greece, Liechtenstein, Monaco, Portugal, Spain, Sweden, Switzerland, Turkey, and Yugoslavia.

BRITON SEES HEALTHIER PARTNERSHIP BETWEEN EUROPE AND UNITED STATES

EC-US relations will be strengthened by the Community's enlargement to ten members, according to the former British Cabinet Minister responsible for the Labour Government's negotiations for Common Market entry. As reported last month in The Financial Times of London, George Thomson told a business seminar in Brussels that the greatest prize of European unity was to create a healthier partnership between a united Western Europe and the United States.

WIRE MESH AND PALLET TRUCKS

The US Tariff Commission ruled last month that special antidumping duties will not be levied on two categories of imports from the European Community. The unanimous ruling came after the Treasury Department had advised the Commission that hand pallet trucks from France and welded-wire mesh for concrete reinforcement from Belgium were being sold at less than fair value within the meaning of the 1921 Antidumping Act.

FRANCE URGES TAX ON U.S. AIRCRAFT

The United States enjoys an unfair competitive advantage in aircraft manufacturing, according to the French Government. France has asked its Common Market partners to reintroduce a tariff on imported aircraft if the United States does not terminate its duty of five per cent on imported aircraft over fifteen tons.

COMMISSION RULES IN FAVOR OF STATE AID FOR THE COMPUTER INDUSTRY

The European Commission has given the go-ahead to national aid for the budding European computer industry. Usually such state aid is frowned upon as distorting competition, but in the Commission's view data processing is a special case. Most of the European data processing market is currently in US hands. The Community has no genuine common policy yet for development of the computer industry, but eyes the technological and business spin-off to other major industries of this sectorial development.

COMMISSION CITES MAJOR SUGAR REFINERS

Twenty-two European sugar refiners have two months to answer a European Commission antitrust charge. On July 24, the Commission accused the firms of keeping the consumer price for sugar some 30 per cent higher than world prices. The firms, which produce more than 80 per cent of Europe's sugar, are subject to a possible fine of 10 per cent of their annual gross income.

CANDOR AND CAUTION IN THE COMMUNITY

The conflict between secrecy and publicity, or diplomacy and democracy, as old as newspapers themselves, has recently become an issue in Community affairs. The British Government reportedly believes the Community's information policy is "too liberal." But a high Commission official thinks the Community's decision-making process is "undemocratic."

The Community's publication of a German query about the possible clash between Community law and British legislation has apparently prompted a British protest. According to Hella Pick in The Guardian, British Ambassador to the EC Michael Palliser "hinted that the Commission had been politically inept in allowing this particular inquiry to become public knowledge at a time when political tempers in Britain were high and when there was still strong feeling that Britain's sovereignty was being sacrificed at the EEC altar."

Ms. Pick continued: "The decision to have Mr. Palliser protest to the Commission is only part of a more widespread feeling in the British Government, and more notably in the Foreign Office, that the EEC Commission, and even more so the EEC Governments, are far too liberal in their information policy and that greater discipline should be used in contacts with the press about Community matters."

Only a few days prior to Ms. Pick's disclosure, the Commission's chief representative to Britain had attacked the Community's Council of Ministers for secrecy in its proceedings. According to the London Financial Times, Georges Berthoin complained: "There is no doubt that the Council is behaving more like a diplomatic conference than a democratic one. One thing which ought to be criticized is that their proceedings are not public....The Council of Ministers in one way or another should be more answerable to what is said, and for the position it takes up."

P R E S S R E V I E W

REQUISCAT IN PACE

Paul Henri Spaak wrote late in life that he had been rewarded by seeing his dreams come true. Of all the dreams of a turbulent 41-year career in statecraft, none gripped him more profoundly than the dream of European unity in close alliance with the United States. -- Editorial, The New York Times, August 1, 1972.

OLD MAN RIVER

Like old man river, the movement toward what might be called a re-coalescence of Europe keeps moving along....From the first, the United States has cheered the European Community more as a political than as an economic concept. Economic integration was the base on which political integration would grow, to be sure. But American traders knew that the common E.E.C. tariff around an expanding free trade area would affect American exports to the rich European market. That has happened, and sometimes in excess of original expectations. Now the new limited members [the six non-candidate EFTA countries] avoid the political integration which attracts the United States and widen the area in which American exports have already been affected. The over-all view must continue to be, though, that the movement toward European unity is a good thing. -- Editorial, The Baltimore Sun, July 26, 1972.

POWER AND POPULARITY

Walking through the EEC Center in Brussels is not an encouraging experience. Europe cannot be created from the EEC in its present form. Not until the EEC acquires power and sovereignty can it become popular among the people. The masses can only see that prices are rising and they blame the EEC for this. In reality the EEC has been a major factor in the general European prosperity. But this point has never been made clearly enough. It has always been national governments that have won the laurels. -- Joachim Besser, Kölnner Stadt-Anzeiger, June 1, 1972.

PERILS OF NEGLECT

Paris. -- The feeling is growing among veteran architects of the Europe-America partnership that neglect is endangering the whole system, which has kept the two continents at peace among themselves since World War II.....The fear is that the mutual dependence, which has been taken for granted so long, will be eroded before there is a general awareness that it needs renewal. -- FLORA LEWIS, The New York Times, July 21, 1972.

TRADING GIANT

The European Common Market's commercial agreements with five countries [six eventually, with Finland] of the European Free Trade Area...will result in an industrial free trade bloc stretching from Helsinki to Lisbon....a sixteen-nation West European bloc accounting for 40 per cent of the world's trade: a daunting prospect for the United States. Because the free trade agreements cover the bulk -- 90 per cent -- of trade among the European countries involved, they are strictly compatible with General Agreement on Tariffs and Trade rules. But Washington has periodically expressed concern about how Europeans are changing the economic map of the world contrary to the spirit of the international organization of post-war trade as expressed by the original GATT accord. The psychological impact of a West European trading giant with limbs reaching into other continents is probably more worrying to the United States than the actual commercial effect. The average level of Common Market customs tariffs in industrial goods is lower than that of the United States. -- Richard Norton-Taylor, The Washington Post, July 23, 1972.

DOLLAR DISCUSSIONS

London -- Ten countries of Western Europe, the members of the soon-to-be enlarged Common Market, are talking about what is to become of the dollar in a new monetary system. It may sound a little presumptuous for them to discuss such a subject without the presence of the United States.... What can the Europeans do about the dollar? Does it make any difference what they say? In simple terms, the Europeans have more power than is realized. Yes, it does make a difference what they say. -- Clyde H. Farnsworth, The New York Times, July 23, 1972.

"WARNING" TO U.S.

The ten finance ministers of the countries of next year's European Economic Community have given a polite warning to the United StatesThe warning to the U.S. by next year's Common Market is that next year's American administration will have to accept the same economic disciplines and duties that all other "free" countries accept....There is no Atlantic Community of a formal kind that can dictate policy to its constituent states. However, so close now are the commercial ties that bind the countries of the North Atlantic area, and so enormous are the flows of money between these countries, and so costly to the smaller countries can unilateral adjustments be, that there is a kind of compulsion operating on the U.S. all the same. -- JOHN ALLAN MAY, The Christian Science Monitor, July 20, 1972.

LÜBECK THIRSTY WAS, NOW THIRSTIER CAN BE

If you want to make a loan, Europeans appear to be a good risk. This summer the city of Lübeck in West Germany receives repayment of a 500-year-old debt with compound interest. The debtor is a brewery in Einbeck, and the two-barrel debt, plus interest, is two horse-drawn drays of beer. The Einbeck brewery recently discovered in its archives a letter dated 1454 showing that two casks of beer had never been delivered to Lubeck.

WORTH QUOTING

** On 25 March 1957 we signed two treaties in Rome which established, respectively, the Common Market and Euratom....The bells of Rome rang out to salute the birth of the new Europe. My own heart was full of joy, emotion and hope....The Treaty of Rome symbolizes the triumph of the spirit of cooperation over national selfishness.... [and] this ideal remains as valid as it was then. It is the only ideal which does justice to our age, the only ideal capable of restoring Europe to her rightful place, a place to which she is entitled by virtue of her illustrious past. -- PAUL-HENRI SPAAK (1899-1972), from his memoirs, The Continuing Battle, reprinted with permission from Little, Brown and Company, Boston, Mass.*

** We do not want blablabla, we want action. -- SICCO L. MANSHOLT, Commission President, speaking before the European Parliament, July 3-6, 1972.*

** The politician who does not know how to dream is not a statesman. -- PAUL-HENRI SPAAK (1899-1972), meeting at the "European Round Table," Paris, July 7, 1972.*

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