

# EUROPEAN COMMUNITY NEWS

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**COMMISSION OF THE EUROPEAN COMMUNITIES**

2100 M Street, N.W., Washington, D.C 20007 phone: (202) 296-5131  
155 East 44th Street, New York, N.Y. 10017 phone: (212) MU-2-0458

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## MANSHOLT: SPEAKING FRANKLY

"Gross national welfare" may receive more attention than gross national product now that Sicco L. Mansholt has assumed the presidency of the Commission of the European Communities.

Terming overemphasis of GNP "diabolical," Mr. Mansholt made this statement at a news conference in Brussels on March 27, his first since appointed Commission President on March 22. Mr. Mansholt's predecessor Franco Maria Malfatti retired on March 23 to run for the Italian Chamber of Deputies.

Mr. Mansholt called upon Europe to carve out a leadership role in assuring worldwide action for pollution control, population limitation, and general well-being. Europe must pioneer new policies, he said, because the United States, faced with domestic political pressures, will not be able to bear this burden alone.

Mr. Mansholt, best known as the author of the Community's agricultural policy, also told the conference that Community farm prices would probably not be increased next year and that a new approach to farm aid might be tried. The leveling-off of prices could stimulate farm imports, to the benefit of the United States.

Concerning other subjects, Mr. Mansholt

- \* predicted that Sweden would seek membership in the Community within four years

- \* chastised the British Labour Party for opposing British entry into the Community

- \* characterized the Community's governing institutions as weak and inefficient

- \* opposed the establishment of a new political secretariat in Paris (see page 4).###

## FARM PRICE HIKES LINKED TO FARMERS' PENSIONS

After 100 hours of tedious discussions, the European Communities Council of Ministers on March 24 agreed on farm price increases, averaging 6.5 per cent, and on farm reform.

At the suggestion of the United States and other critics of the Community's farm policy, the Council also agreed to consider the possibility of granting income subsidies. Such direct payments would ease political pressures for raising prices which affect consumers and foreign exporters.

The structural reform measures will raise productivity on European farms without boosting production. Productivity, defined as output per farmer, would be increased by reducing the number of farmers. The Community plans

to offer pensions to older farmers working small plots and retraining programs to younger farmers who leave the land.###

#### FRENCH REFERENDUM: FIRST PUBLIC VOTE ON A "EUROPEAN" ISSUE

Sunday, April 23, a major European Community policy question will be placed before the voting public for the first time.

The referendum in France is also the first national vote on the issue of enlarging the six-member Community to include the United Kingdom, Ireland, Denmark, and Norway. Campaigning on the issue, the French Communist Party has urged its members to vote "non," while the Socialist Party has recommended abstention.

A French Institute of Public Opinion poll published on April 4 by the Parisian newspaper "France-Soir" indicated that 65 per cent of the respondents planned to vote, and 80 per cent of them would vote "oui."

Referenda on joining the Common Market have been scheduled by Norway (September 24-25), Denmark (October 2), and Ireland (May 10).###

#### ITALY SEEKS THIRD DELAY IN APPLYING VAT

Italy, in the throes of domestic tax reform, has asked for a third postponement in the European Community's deadline for introducing the common turnover tax.

The tax on the value-added (VAT) at each stage of production and distribution was to go into effect in Italy on July 1, 1972. But opposition in the Italian parliament, its legislative backlog, and the early call for national elections (May 5) forced the Government to seek another delay. The first extensions were granted because the Italian Government wanted to synchronize the VAT's introduction with other tax reforms. All of the other Community members now apply VAT.

A decision on the extension is expected from the EC Council of Ministers at its April 24-25 meeting. ###

#### WANT TO BUY A "CHUNNEL"?

Remember all the gullible tourists in New York who have bought the Brooklyn Bridge? A member of the European Parliament has suggested that the average European be allowed legally to buy shares in the proposed Anglo-French Channel Tunnel. Britain and France are expected to announce agreement soon on the ambitious plan to connect the two nations with a tunnel under the English Channel.###

#### EC 1971 TRADE DEFICIT AIDED US TRADE BALANCE

The United States suffered a trade deficit in 1971, its first since the 1880's, despite the European Community.

In 1971 the Community bought \$1.282 billion more goods from the United States than it sold in the US market. The Community also had trade deficits with Canada, Latin and Central America, Africa, and Asia. Its deficit with Japan more than doubled during the year, from \$246 million in 1970, to \$605 million.

The Community's imports from the United States amounted to \$8.977 billion in 1971; exports to the United States totaled \$7.7 billion.

The Community's trade performance was brighter in other parts of the world.

Surpluses were recorded on trade with other West European partners, the Soviet Union and other East European countries. On trade with all parts of the world, the Community registered a record surplus of \$1.5 billion. This upswing followed an overall trade deficit of \$436 million in 1970.###

#### US-EC TO CONTINUE INFORMAL TRADE TALKS ON APRIL 27

The latest in the series of informal semiannual meetings between representatives of the European Community and the United States starts in Brussels on April 27.

The Community delegation will be led by Ralf Dahrendorf, the Commissioner in charge of trade relations. US Deputy Undersecretary of State for Economic Affairs Nathaniel Samuels will lead the American team.###

#### JUNE 30 TARGET DATE SET TO COMPLETE TALKS WITH EFTA

A June 30 target date has been set by the Commission of the European Communities for the completion of negotiations for an industrial free trade area with the six members of the European Free Trade Association (EFTA) which have not asked for full EC membership.

The EFTA countries negotiating with the Community are Switzerland, Sweden, Austria, Finland, Portugal, and Iceland. Negotiations opened last December, when talks for full membership in the Community had almost been completed with the United Kingdom, Denmark, Norway, and non-EFTA Ireland.

The European Free Trade Association came into being in 1960 with seven full members. Iceland joined later, and Finland is an associate member. EFTA was designed to create an industrial free trade area in Western Europe outside the European Community.

Current negotiations between the Community and the six EFTA countries are intended to preserve the free trade gains made under this arrangement after the United Kingdom, Denmark, and Norway resign from EFTA. About 20 per cent of the Community's exports go to the six EFTA countries that will remain outside the Community after its enlargement.

At the April 24-25 meeting of the Council of Ministers, the Commission will report on the second round of negotiations with the "EFTA Six." If negotiations end by June 30, the process of establishing the industrial tariff-free area could begin in 1973 according to the same tariff dismantling schedule to be followed by the Community's new members.###

#### 2 NEW US AMBASSADORS ARRIVE IN BRUSSELS

The US ambassadorial "team" is operating at full force, following the arrival in March of the new US Ambassador to Belgium Robert Strausz-Hupe and David M. Kennedy, head of the US delegation to the North Atlantic Treaty Organization.

Ambassador Strausz-Hupe arrived at his new post March 17 and Ambassador Kennedy, March 21. They join Ambassador J. Robert Schaetzel, head of the US Mission to the European Communities.

Although neither Mr. Strausz-Hupe nor Mr. Kennedy has direct responsibility for Community affairs, Mr. Kennedy said on his arrival that the task given to him by President Richard M. Nixon was to strengthen the political, military, and economic coordination between the United States and Europe.

US statements at the time of his nomination to the NATO post indicated that Mr. Kennedy's experience in trade and economics would enable him to

study the economic aspects of NATO. Upon his arrival in Brussels, Ambassador Kennedy underlined his belief that coordination between NATO and other European institutions should be improved. His first assignment was described as a trade mission to Spain, which is not a NATO member.

Mr. Kennedy was previously US Secretary of the Treasury and Ambassador at Large for Trade Relations. He remains a member of the US Cabinet and retains a role as roving ambassador.###

WHERE WILL "EUROPE'S" OFFICIAL CAPITAL BE LOCATED?

European politicians are wondering where the European Communities' institutions should be located.

This question may surprise people who consider Brussels the capital of the Communities. But no final decision has yet been made on permanent headquarters for the Communities' institutions.

Right now the Commission's headquarters are in Brussels. It has attracted hundreds of lobby groups maintained by international organizations and domestic pressure organizations. For nine months of the year, the Council of Ministers meets in Brussels. But in April, June, and October the Council meets in Luxembourg which is the seat of the Communities' Court of Justice and of the European Parliament's secretariat. The Parliament sometimes meets in Luxembourg, but more often in Strasbourg, France.

France has offered Paris as the site of the new political secretariat now being discussed. In addition, French President Georges Pompidou has invited any organization of Community central bankers that may be formed to take up residence in France. Another point of view sees London as a more likely place for the secretariat.

Still another controversy surrounds the location of a European Patent Office planned by the Community and other European countries. Munich was the favored location, but building plans have aroused local opposition. The Hague, Luxembourg, and a site in Great Britain are now in the running.

The establishment of a brand new capital city such as Brasilia or Islamabad was once put forward but received little support. Pressure is now mounting for some institutions to be established in the new member countries.###

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