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Comecon Ante Portas

Last month the acting President of the EC Council of Ministers, Premier and Foreign Minister of Luxembourg, Thorn, received an astounding visit. The Deputy Prime Minister of the German Democratic Republic, Weiß, as the present Chairman of the Executive Committee of Comecon delivered to him a memorandum, comprising nine typewritten pages, on the formulation of the future Comecon relations with the Community of the Nine.

Essential point of the memorandum is the proposal to enter into negotiations on trade and economic cooperation, harmonisation of technical trade stipulations, environment protection, etc. In the main these items are quoted in the so-called Basket II of the concluding document of the Conference on Security and Cooperation at Helsinki. These negotiations may be conducted between EC and Comecon or between Comecon member states and the EC or between individual member states of both communities. These conceivable levels of negotiations are to make allowance for the fact that the trade policy competences are differently regularized in both economic blocks. Within Comecon the contractual competence rests with the individual member states, within the EC, on the other hand, since 1973 and 1975, respectively, exclusively with the Community in Brussels.

Owing to its previous history the visit of Mr Weiß to Luxembourg does not cause so much surprise at the factual launching of official contacts of Comecon with the EC. After already in summer 1973 the Comecon Secretary General Fadejew took up contact with the Danish Foreign Minister and after in Helsinki the EC was acknowledged negotiating partner also of the Comecon countries, such a step towards a reentering into the dialogue could be anticipated.

Surprising, however, are the more or less concrete proposals contained in the memorandum. For, up to now, the assumption was justified that there was but little hope for the EC as Community to get the opportunity for carrying through

a trade policy basing on treaties. On the one hand, the common liberalisation list of the EC is less comprehensive than the national lists. Therefore it alone could not stimulate the Comecon-countries' interest in direct negotiations with the EC as a block. It is a matter of fact that up to now the national lists are still the decisive ones. And, in addition, the common trade policy may be and is ignored by national cooperation agreements. But just in this field of large-scale projects the weightiest interest of the individual EC- as well as of the Comecon-countries so far was to be found.

A number of explanations offer themselves for the socialist nations' change of mind. The most important explanation seems to be that the worldwide recession has made it clear that the economic interdependence between Comecon and the western countries is stronger than assumed hitherto. During the last decade foreign trade for instance between Comecon and the European Community has increased more strongly than that between the Comecon-countries themselves. This increase was, however, linked with rising deficits of the socialist countries. Added to this, owing to the recession the EC-countries' protective clauses vis-à-vis outsiders were administered more strictly and many exceptional provisions in favour of eastern exporters were cancelled. The negative effects could not be compensated for by an extension of the cooperation agreements. Borrowing is also meeting increasingly with difficulties after in view of the eastern trade deficits and rate of indebtedness a worldwide discussion of the Comecon-countries' debt limits has broken out.

Regarding the alternative either to reduce the urgently required imports from western countries or at least to fully exhaust the chances for an improved access to the markets of the western countries, one apparently tries to take the second road. Whether, however, this second road will lead to success may be doubted in view of the lacking competitiveness of the East's products.

Otto G. Mayer