

Common rules are applied to ensure fair competition among firms.

The EC's energy programme seeks to reduce its dependence on outside countries: over half the energy it uses is imported.

Having moved a long way to create a common market, the EC is now seeking to coordinate economic and fiscal policies among the "Nine". A *European Monetary System* (EMS) was introduced in 1979 to promote closer monetary cooperation among the member states. The EMS provides for the creation of a system of fixed but adjustable exchange rates between member currencies; the creation of a European Currency Unit (ECU) based on a "basket" of Community currencies; the pooling of one fifth of member states' reserves, and the provision of credit facilities. The EMS is intended to help to reduce fluctuations in their currencies and promote economic growth and monetary stability.

Since 1974 the EC has carried out a *Social Action Programme* to help improve living and working conditions in member countries. It has developed policies to expand and improve the rights of certain classes of workers, including women, immigrants and the handicapped, and it has been particularly concerned about the plight of young

people in a period of high unemployment. Furthermore, the Community has launched other social and economic reforms such as an education policy, consumer information and protection programmes and an environmental action programme.

Different EC funds have been set up with the aim of reducing the differences existing between the various regions. The *Social Fund* spends most of its resources on helping retrain workers who face unemployment in the less-favoured regions, and the Guidance Section of the *Farm Fund* was designed to modernize farms and make agriculture more efficient. A *Regional Fund* helps finance industrial and infrastructural investments in less prosperous areas. The EEC Treaty also established the *European Investment Bank* which lends money for investment in the poorer regions of the Community or for infrastructure and energy projects.

From the beginning the member states have acted as a single trading unit with other countries. The Community is the world's largest trading unit, accounting in 1977 for about 38.7 per cent of world trade, if trade between the Nine is included, or 20.9 per cent if intra-EC trade is excluded.

The EC has played a major role in reducing tariffs and trade barriers in the various rounds of international negotiations held over the past 20 years. Average EC industrial import tariffs are among the world's lowest. After the tariff cuts resulting from the "Tokyo Round" of GATT talks have been implemented, the Community's external tariff will stand at an average of 7.5 per cent.

In view of the Community's importance in world trade, more than 120 countries, including Canada, have negotiated agreements with the EC, and over 100 countries have accredited diplomatic missions to it in Brussels.

Since 1973, non-member countries have had to negotiate trade agreements with the EC as a whole, instead of with individual member states. In such negotiations the Commission, working under a mandate from the Council, represents the Nine.