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EUROPEAN COMMUNITY: COMMISSION MAPS PROGRAMME FOR REVITALIZING COMMUNITY

Revitalizing the European Community is the goal the European Commission has set itself, under its 1986 work programme as it was outlined to the European Parliament by its President, Jacques Delors, on February 19. The Commission plans to focus its efforts on five broad areas, of which the most important in its view are the internal market and technological cooperation. It sees the two as firmly linked; a large integrated market makes profitable the innovation which is needed if European firms are to remain competitive.

But the Commission will also be pressing ahead with monetary cooperation and better economic cohesion, without forgetting the social dimension to Community programmes. Completion of the internal market, in other words, must not be allowed to compromise the Community's social priorities, notably the European Council's wish to improve people's living and working conditions.

Although the road to the large, single market has been clearly mapped out, the Commission believes that meeting the 1992 deadline will not be easy. In order to meet it there must be simultaneous progress along a number of fronts, including that of a People's Europe. The general public, the Commission feels, must be able to see for itself that real progress is being made towards the creation of a genuine common market, a frontier-free Europe.

In the field of technological cooperation, the Commission wants to do more than simply administer existing programmes. It plans, therefore, to launch this year a new framework programme (1987-91) covering all the Community's research and technological development activities. The Commission believes, however, that technological cooperation should build on national programmes rather than replace them.

The Commission is concerned that economic recovery may result in the less-favoured areas falling behind. It therefore will continue the efforts made last year to prevent this, by harmonizing and simplifying the operating rules of the European Regional Development Fund and other funds, for example.

In a revitalized Community the pursuit of common policies should be easier. Two key areas in which the Commission will be pressing for action by the member states are employment and agriculture. During 1986 the Commission plans to get them to translate into reality its cooperative growth strategy for more employment, which involves improving profitability of job-creating investments and sustaining demand. In agriculture it will be seeking, among other things, gradually to reduce production in sectors in surplus.

TRADE: CONTROLLING EXPORTS OF PESTICIDES AND OTHER DANGEROUS CHEMICALS

As pesticides, the effectiveness of DDT, aldrin and dieldrin has been amply demonstrated. But they are among a number of chemical products which present a danger to public health and the environment. Because of this, their sale within the European Community is either banned or strictly controlled. But the ban does not extend to their continued manufacture within the Community and export, without any restrictions, to third countries.

Much of this export is to developing countries, which may be unaware of the threat the products represent to their population. "It is quite unacceptable," according to Stanley Clinton Davis, the European Commissioner with responsibility for environmental issues, "that we apply strict standards to cut down or ban the use of dangerous chemicals on our home markets while allowing them to be exported with no controls at all."

The European Commission has therefore asked the EC Council of Ministers to adopt new legislation aimed at reducing the risk which developing countries in particular face from such uncontrolled exports. Under this Community-wide legislation the Commission itself (rather than the member states) would be responsible for notifying in advance all third countries, including developing countries, of course, of any planned exports to them of chemical products whose sale is either banned or strictly controlled in the country of shipment.

The OECD has already recommended this system of prior notification to its 24 member countries. Various EC countries have since notified the Commission they intend to follow it. But the Commission's proposal goes a step further. After 1988 the importing country would have the possibility of refusing entry to the chemical product in question within a fixed period of time. If entry was not denied, manufacturers from any EC country would be free to export the same product under the original authorization.

This is the principle of prior consent and, allied to that of prior notification, it should make it easier for the developing countries in particular to control the sale of dangerous chemical substances within their territory. To help them further, the Commission has also proposed that the standards of packaging and labelling which are in force within the Community be applied to export sales as well.

ENVIRONMENT: ECONOMIC GROWTH REQUIRES A SOUND ENVIRONMENT POLICY

Protecting the environment is neither a luxury the European Community can ill afford nor an obstacle to its efforts to create more jobs. The European Commission in fact believes that a high level of environmental protection is needed if the economy is to continue to grow in the medium and long term. And in its report to the EC Council of Ministers, *New Directions in Environmental Policy*, it underlines the job creating effects of environmental protection.

The Commission has identified a number of ways in which a sound environmental policy can generate new jobs. To begin with, such a policy can be expected to result in the creation of the infrastructure needed for its implementation and investment in the manufacture of new products required to improve and protect the environment. There are also the short-term gains in employment from projects aimed at dealing with inner-city decay and repairing damage to the landscape.

The Commission points to the Community's waste management industries as a source of new jobs. These industries currently handle 2,000 million tons of wastes annually and the quantity is growing steadily. Much of it is buried; yet 80% could be recycled for raw materials or energy. More rational methods of waste disposal therefore could add both to the 3 million jobs which already exist in these industries and to the Community's GNP.

The growing demand for higher environmental standards is being translated, the Commission notes, into a demand for new goods and services, including motor cars which are less polluting, better housing and more attractive conditions for tourists. In its report to the Council the Commission argues that the need to produce goods which meet environmental standards will stimulate technological innovation, thus making European industry more competitive on both home and export markets, where there is already a growing demand for products, especially motor cars, which conform to the environmental norms adopted by other countries.

The Commission is planning, not surprisingly, to propose to the 12 member countries a substantial 5-year programme of demonstration projects. It hopes to explore in this way the possibilities offered by environmental policies in creating new jobs. The Commission also wants to use Community funds to help implement such policies in the less-favoured regions and in declining industrial areas.

ELECTRICITY 1985: NUCLEAR ENERGY SETS NEW RECORDS

Nuclear energy is growing almost as fast in the 12-nation European Community as it was in its 10-nation predecessor. Last year it accounted for nearly 31% of the electricity produced in the enlarged Community, as against 26% in the previous year. But in 1985 nuclear energy supplied 32% of the electricity generated in the 10-nation Community, according to the EC's statistical services.

The growth of nuclear power enabled the Community to save roughly 3 million tonnes of oil equivalent in traditional fuels, despite a 5% increase in electricity production. As a result, the share of conventional power stations in electricity generation was down to 57% last year, as against 75% in 1980.

France and Belgium remain Community leaders, with nuclear energy accounting for 65% and 60% respectively of their electricity production. In Germany, electricity from nuclear energy has almost doubled since 1983 and is now well over 30% of the total. Growth has been even more dramatic in Spain, where nuclear energy accounted for 22% of the electricity generated last year, as against 9% in 1983.

However, hydroelectric and geothermal production fell slightly last year in the 12-nation Community, despite increases in the U.K. and other "non-nuclear" countries, notably Denmark.

COAL 1985: RECOVERY AFTER THE MINERS' STRIKE

Coal production rose by 26% last year in the 12-nation European Community and imports by 9%, while employment fell by nearly 6%, according to the Community's statistical services.

But the substantial rise in output last year must be seen in relation to a fall of almost 30% in 1984, because of the miners' strike in Britain. The fact is that the U.K. is the Community's largest producer, with more than 40% of the total production last year in the 12-nation EC. The two new member states together account for some 13% of output, with Spain producing the lion's share.

FORESTS: AN IMPORTANT BUT ENDANGERED ASSET

The problem of Europe's forests can be summed up in a few figures: 2,400 square yards for each person but over 10 million acres destroyed each year through pollution and a trade deficit of 17,000 million ECU*. Trees are relatively rare in the 12-nation European Community and threatened by fire in the south and acid rain in the north. As wood is scarce it must be imported and is therefore expensive. It is hardly surprising, therefore, that the European Commission should have recently asked the Twelve to launch an action programme (see Eurofocus 3/86).

The 12-nation Community has half an acre of forest per head, a tiny amount when compared to the 3.2 acres per head in the U.S., 18 acres in Australia and 46 acres in Canada. Only Japan is as badly off as the Community.

Woods and forests cover some 24% of the Community. As much as 40% of Portugal is forested and more than 30% of Luxembourg and Spain. But the figure is less than 5% in the case of Ireland, 7% in the Netherlands and 10% in the U.K. and Denmark. Belgium and Italy are much better off in comparison (20%) while France (27%) and Germany (30%) must be considered well off in terms of forest cover.

But trees are under threat in virtually every part of the Community. In its southern regions fires destroy some 740,000 acres of forests each year. Around 50 persons died last year in forest fires, 19 of them in France and 18 in Portugal. There were over 38,000 fires during the first 9 months of the year.

In the Community's northern regions acid rain is the major threat. Last May nearly 10 million acres were effected by it, including 9 million acres in Germany. As many as 284,000 acres of forests and woods have died, mostly in Germany. Acid rain has damaged 50% of the forested areas of Germany, 37% in Luxembourg and 34% in the Netherlands.

All of which goes to explain why the EC's import bill for wood and wood products is second only to its oil bill. Clearly, damage to the Community's forests is costing it dearly, underlining the need for joint action to save the trees.

* 1 ECU = UKL 0.65 or IRL 0.71

TRADE: SAFEGUARDING THE COMMUNITY'S WORLD-WIDE TRADING INTERESTS

As the world's largest trading entity the 12-nation European Community enjoys very real benefits from a liberal trading order. A key principle of the Community's commercial policy, therefore, is a strong commitment to strengthening the open multilateral trading system. The European Commissioner for external relations, Willy De Clercq, told leaders of the EC's chemical industry recently, that whenever the Community sought to restrain import growth it did so (1) to permit restructuring of a particular industry and (2) within negotiated guidelines.

The Community, in other words, has nothing to gain from a protectionist free-for-all. Hence the importance for the EC of a new round of multilateral trade negotiations in GATT. Mr De Clercq saw the launching of such a round as "the single most important contribution that trade policy can make in 1986 towards a general improvement in the world economy." He pointed to the Community's efforts to rally the developing countries to the new round, which had made it possible to set up a Preparatory Committee in Geneva.

The Commissioner reminded his audience of the substantial effect which the over- or under-valuation of currencies, on the one hand, and the Third World's debt problem, on the other, can have on world trade. Parallel progress was therefore necessary, he said, in the monetary and financial fields.

But the health of the multilateral trading system depended also on the bilateral trade relations between the major actors and, more especially, Europe, Japan and the United States. Mr De Clercq made it clear that all was not well as regards EC/Japanese relations. A sequence of barriers, some of them the result of governmental decisions, deprived Community exporters of the competitive advantage the EC enjoys in such manufacturing industries as processed agricultural products, pharmaceuticals, agro-chemicals and medical equipment.

The European Commissioner thought that EC/US trade relations were largely trouble-free; when disputes arose, they were dealt with rapidly and amicably on the whole. He expressed concern, however, about the sizeable American trade deficit which, like the Japanese surplus, was a destabilizing influence and fuelling a surge of protectionism.

Mr De Clercq stressed the importance of a "strong, united Community position" on international trade issues. "The Community," he told the businessmen, "is only strong when it acts with one voice."

HORSES: TOO MANY CHANGES OF NAME?

Changing your name to one you have chosen yourself is not always easy and can be costly. Renaming horses is all too easy, however, according to a report drawn up by a Belgian Euro-MP, Pol Marck, and adopted unanimously by the European Parliament's Agricultural Committee.

The Committee in fact wants the European Commission to ban totally changes of name of top class horses. Mr Marck maintains that some 10% of sporting and competition horses have their names changed at least once, so high are the financial stakes. A firm sponsoring one of these horses generally wants it to carry the company trade mark or one of its brand names, so as to get free publicity in the press and on the air.

Dealers can change a horse's name in order to hide its true origin and raise its selling price. The report cites cases of Belgian horses being palmed off as Irish on unsuspecting U.K. buyers.

The Agricultural Committee clearly wants to stamp out the fraudulent practices of dealers who take advantage of the differences in the systems of identification in the various Community countries to obtain top prices.

At present there are almost as many identification systems as there are member states. In Belgium, the U.K. and Ireland horses are entitled to a passport, in France to identity and registration cards. In several countries, and notably in Germany, Denmark and the Netherlands, the animals are marked, sometimes in original ways. Thus in the Netherlands the stud registration number is tattooed in the mouth. Most member countries authorize changes of name but in conditions which vary from one country to another.

WINES: SULPHUR DIOXIDE MAKES ALL THE DIFFERENCE

You cannot do away with sulphur dioxide entirely in wine making; to do so would mean a loss of the very qualities which give wines their distinctive regional flavour. Thus the European Commission, in its reply to a question from an obviously worried German Euro-MP, Klaus Wettig, who would like to see a ban on the use of sulphur dioxide in wine-making.

According to Mr Wettig, the latest wine production techniques do not require the addition of sulphur dioxide, a chemical responsible for atmospheric pollution, incidentally. But the Commission is not prepared to ban its use, since it is in the consumer's interest that the differences due to the grapes used, the region from which the wine comes and its vintage be preserved. Without sulphur dioxide, the Commission maintains, the Community would become a producer of low-quality wines, tasting very much alike.

But it does favour a reduction in sulphur dioxide levels. In 1981 the Commission asked the EC's Council of Ministers to reduce the maximum permitted levels of sulphur dioxide by 25 mg/litre. In 1984 it proposed the measure be extended to sparkling wines. The Commission also recognized that certain liqueur wines and quality wines which are produced in small quantities require higher levels of sulphur dioxide because the grapes used to make them are more vulnerable to disease.

As for the addition of sugar dissolved in water to improve wines, the Commission assured Mr Wettig that the practice is now banned. However, the ban is not being fully respected as the Commission has had to act against some member states. But it does not want to ban all methods of "improving" wines as this would only cause hardship to wine growers and dealers.