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ECONOMY: Light at the end of the tunnel?

The economic health of the 12-nation European Community should improve this year but full recovery is still awaited. This is the broad conclusion of the European Commission's economic forecast for 1986. Inflation is expected to fall to 4% (down from nearly 6% in 1985) and growth to pick up to 2.8% (up from 2.2%). Unemployment should fall for the first time in 10 years but by a tiny 0.3%.

But Community economies face two major uncertainties, resulting from movements in oil prices and the dollar. The impact of the first was clearly demonstrated during the oil shocks of 1973 and 1979 and can be seen in the current fall in prices at the petrol pump.

The Commission expects oil prices to be some 26% lower, on average, than last year. If so, the Community could make savings of 1% on its gross domestic product this year. But should prices fall sharply, the EC would have to re-examine its economic guidelines, in the Commission's view.

The dollar/ECU parity is expected to be some 18%, on average, below the average parity for 1985. Given that most commodities, including oil, are traded in dollars, the Commission has forecast a fall of some 8% in the Community's import prices.

The Commission believes that the fall in prices should result in lower interest rates. Private consumption should rise by 3%, a level not reached since the 1970s, and investments by 4.5%, a 15-year record.

But the job outlook remains bleak. The 0.3% fall in unemployment, which the Commission has forecast, would still keep the unemployment rate for the Community (excluding Greece, Spain and Portugal) at 11% this year. The Commission therefore wants the member governments to carry out the economic strategy it proposed to them last December. The Twelve must do more to coordinate their economic and social policies with a view to creating more jobs, the Commission maintains.

SOCIETY: 18 million ECU for the fight against poverty

The lot of the homeless, the elderly, the long-term unemployed and second-generation migrants should improve, thanks to the European Community's fight against poverty. The European Commission has just selected the last of the 65 Community projects which make up the EC's second action programme against poverty for the period 1985-88.

The four projects selected in February will share a total of 700,000 ECU\* of Community money, while total spending on all 65 projects will amount to 18 million ECU.

The first action programme was carried out between 1975 and 1980. It concentrated on local projects (such as single-parent families in London) and on Community studies dealing with aspects of poverty and the extent of it in individual states. The first programme pointed to the need to tackle poverty differently.

Hence the Commission's decision to identify the social groups and regions hardest hit before launching the second action programme. The emphasis now is on unemployment: projects which deal with long-term and youth unemployment will together get nearly 5.5 million ECU or 30% of the funds available.

Other important beneficiaries include the elderly, single-parent families and persons living in the inner cities and impoverished rural areas. The action programme also covers second-generation migrants, refugees, the homeless, returning migrants and marginal groups. Over half the projects (they together account for more than 70% of the funds) are in the cities.

All projects will be continuously evaluated. There will be an ongoing exchange of experiences between those working on similar projects and information will be circulated throughout the Community.

The Commission hopes by these means to encourage a process of learning from experience and to ensure that this experience is made available to all who would benefit from it.

\* 1 ECU = UK£ 0.67 or IR£ 0.71.

ENVIRONMENT: Keeping it clean for the fish

The European Community is slowly but steadily defining common policies on a matter of public concern which had not yet surfaced when the Treaty of Rome was adopted. Threats to the environment were only dimly perceived in 1958 and made few headlines.

The Community's environment ministers now meet almost as a matter of course. At their last meeting they made considerable progress on a number of key issues and reached agreement on a directive which sets strict standards on the emission of certain dangerous substances into water from factories. The Directive, on which the European Parliament must now give its opinion, covers DDT, carbon tetrachloride and pentachlorophenol.

But the new Directive also provides a framework for adding other chemicals which are toxic, cancer-producing or cumulative in their effect. As many as 130 such chemicals have already been identified, and the European Commission will make proposals covering the most dangerous among them, to begin with.

ECONOMY: Commission President on Europe's role in solving global problems

The recent drop in oil prices is proving a mixed blessing. It was to be welcomed, Commission President Jacques Delors told the European Community's Economic and Social Committee recently, but it required "a coordinated response between consumer and producer nations".

The need for such a response is partly due to the fact that falling oil prices are having a major impact on Third World indebtedness. The European Commission believes that to solve the debt problem action is needed on several fronts, Jacques Delors told the Committee, which includes representatives of farmers, industrial workers, the crafts and the professions.

The industrialized countries must see to it that world trade is expanding and keep their markets open to Third World exports. But developing countries also need private finance and development aid, so as to be able to make the necessary economic adjustments in conditions acceptable to their people.

The Commission President also called for closer cooperation between industrialized countries to deal with the problems arising out of stable exchange rates. The continued instability of the dollar-ECU and yen-ECU rates could pose serious problems. It was important, however, that the Community speak with one voice in these international issues, according to Jacques Delors.

TRADE: EC executive training programme helps open doors in Japan

The European Community's efforts to sell more to Japan involve much more than lecturing them on their trade obligations or threatening reprisals. For the last 7 years the European Commission has been financing a training programme aimed at helping executives from export-orientated Community companies gain an insight into the Japanese market and business community.

Applications are now being invited for the Seventh Executive Training Programme, which runs from March 1987 to September 1988. Applicants should be employed by EC-owned companies and should have at least two years business experience, gained preferably in an international environment.

An aptitude for foreign languages is essential, as the first 12 months are spent in a full-time Japanese language course. This is followed by 6 months of full-time in-house secondment to a Japanese firm.

Some 40 places are available. Trainees receive a monthly allowance from the Commission, which also meets travel, language tuition and programme costs. Applications may be sent to:

Peat, Marwick, Mitchell & Co., or to  
1 Puddle Dock, Blackfriars  
London EC4V 3PD, U.K.  
Attn. Mr. M. Coney  
Tel. 2368000, Telex 8811541

Peat, Marwick, Mitchell & Co.,  
1 Stokes Place  
St. Stephen's Green  
Dublin 2, Republic of Ireland  
Attn. Mr. S. Gannon  
Tel. 735566, Telex 24494

EMPLOYMENT: Social security for the self-employed - or self-help?

Most self-employed persons now enjoy some form of social security in the European Community. But their right to it is based on very complicated mechanisms. And the level of protection is not as high as that to which those working for an employer are entitled.

There are also gaps in social security cover for the self-employed - not only if unemployed but also in case of sickness and against occupational hazards.

The self-employed may be entitled to social security as members of a national community, when the entire population is covered for certain risks. This is the case in Denmark, Ireland and, to some extent, the U.K. as regards protection against sickness. In Denmark the self-employed also are entitled to an old age pension and in several EC countries to family allowances.

Protection of the self-employed can also be based on their occupation, as in Belgium and the U.K. Finally, a number of member states, including France, Germany, Italy, Greece and Luxembourg provide social security cover for such categories as self-employed persons as craftsmen, traders and farmers.

FINANCE: Community faces growing budgetary crisis

Like any housewife on a spending spree, the European Community is facing a budgetary crisis. It must find an extra 3,000 million ECU\* to pay all its bills this year - and as much as 12,000 million ECU over the next few years to meet commitments made in earlier years, according to the European Budget Commissioner, Henning Christophersen.

The former Danish finance minister told a press conference here that as much as 1,500 million ECU was needed because of an event outside the EC's control. This was the fall in the dollar. On the basis of the present \$/ECU parity the Community would need an additional 1,500 million ECU to pay export subsidies on farm products. And the amount would be even greater if the dollar continued to fall.

But the balance, the Budget Commissioner pointed out, was needed to meet commitments made in previous years at the urgent request of the Council and the European Parliament. Thus anywhere up to 800 million ECU would be needed to cover payments by the Community's agricultural, social and regional funds, resulting from commitments made in the period 1983 to 1985.

Other payments due this year on the basis of earlier commitments are the refund to the U.K. (an estimated 400 million ECU for 1984 and 1985) and the refunds due to Spain and Portugal (another 200 million ECU).

Governments and the European Parliament had brought the crisis upon themselves, Mr Christophersen maintained, by repeatedly committing the EC to additional spending but without providing it with additional funds. He noted that every time the Social Fund, for example, was committed to spending 100 ECU it had to make payments of 50 ECU the same year, 25 ECU the next and so on. But governments, Mr Christophersen pointed out, expected the Fund to balance its books by postponing some of these payments.

It was therefore essential that the ratio between commitments and payments be a reasonable one. This is what the Commission had tried to achieve when drawing up the budget for 1986 - and in preparing the farm price package, for example. The Budget Commissioner insisted the member governments had to face up to their responsibilities rather than blame the Commission for overspending.

All the new programmes which it had presented to the Council, such as for a Community-wide research programme, were in response to political decisions by the Community's heads of state and government. But they have a price-tag!

1 ECU = UK£ 0.65 or IR£ 0.71.

### RESEARCH: European R & D boosted by Community programmes

The European Community's first framework programme has boosted European scientific research. This is true not only of the spectacular programmes, with catchy names like RACE, JET and ESPRIT, but also the complex of interlocking R & D programmes which have resulted in better motor car engines and new vaccines.

This comes across quite clearly from a recent report which reviews the results of the first two years of the Community's R & D Framework Programme 1984-87. Prepared by independent experts for the European Commission, the Report will help the latter prepare the second Framework Programme. This, like the first, will cover all the R & D activities organized, conducted or coordinated by the European Commission.

The first two years of the 1984-87 programme have witnessed a doubling of the proportion of Community funds devoted to promoting industrial competitiveness. From 17% of the total in 1982 they rose to 35% at the end of 1985.

Three major research programmes have been launched: ESPRIT, covering information technology, and BRITE, designed to up-date traditional industries, have already borne fruit while RACE, which deals with telecommunications, has just started.

Some of the work carried out is of great importance to industry, although it will not make headlines. It includes the drafting of standards and research into raw materials, which has reduced the Community's dependence on outside suppliers. New mineral deposits have been located in the Community while research into the recycling of urban and industrial waste has led to several patents and industrial applications.

Work on JET, the Joint European Torus, has put the Community at the forefront of world-wide fusion research, thus opening the way to what could be the energy source of the 21st century. Research in biotechnology has led to the production of new vaccines among other things.

Other research programmes are showing the way to improved agricultural products and better working conditions for miners and steelworkers. Finally, Community R & D is also making a contribution to development aid in such fields as tropical agriculture and medicine.

ENVIRONMENT: Soil pollution a growing threat to health?

Food additives are not the only potential health hazards. Vegetables, for example, can be contaminated by the very soil in which they are grown if it is polluted. People living in 7 Dutch municipalities have been advised not to consume locally grown produce because of rising levels of cadmium in the soil, according to a Dutch Euro-MP, Hemmo Muntingh.

Alarmed at the "enormous quantities" of toxic waste that metallurgical companies along the Belgian-Dutch border are producing each year, Mr Muntingh wants the European Commission to take immediate action. He has cited the case of a Dutch firm which produces annually "118,000 tonnes of jarosite, that is highly contaminated by cadmium, arsenic and other metals".

The Commission has told the Euro-MP that according to information provided by the Dutch government the jarosite no longer causes soil or water pollution. It had also drawn his attention to the various EC directives on the protection of groundwater and to the steps it has taken to ensure compliance by the Dutch government.

The Commission has also pointed out that waste sometimes has to be stored, either because of the quantities which must be treated or the lack of suitable techniques for rendering it harmless. Even so, the Commission is ready to draw up an action programme to fight soil pollution, especially if all Community countries are affected.

ENERGY: Decline in deliveries of petroleum products in 1985

The 12-nation European Community remains a major consumer of petroleum products. This is clear from inland deliveries, which last year amounted to 430 million tonnes. Even so, they are down by nearly 3%, the EC's statistical office in Luxembourg has estimated.

The demand is not the same for all products, of course. Demand for diesel oil is rising with the increasing use of diesel-powered engines for road transport. This, together with a cold winter, led to a rise of some 4% in deliveries of diesel and gasoil last year to over 160 million tonnes (or 38% of all petroleum products).

Increased air transport was reflected by a 5% rise in deliveries of kerosene and jet fuels. Deliveries of petrol fell, however, by 1% to 91 million tonnes. But the biggest fall was in deliveries of residual fuel oils, used in power stations. It fell by 20%, reflecting the resumption of coal deliveries to U.K. thermal stations and the growth of nuclear energy in France and Spain.



LANGUAGES: Over 7 million Europeans belong to linguistic minorities

The European Community has often been compared to the tower of Babel - which is not surprising, given its nine official languages\* for a population of 320 million. Some 250 million North Americans get along very well with just English and hundreds of millions of South Americans use either Spanish or Portuguese.

But within the Community (less Greece, Spain and Portugal) some 17 languages are spoken, in addition to the nine official ones. As a result, the mother tongue of some 7 million people is different from their country's national language, according to a study conducted for the European Commission.

The most widely used "minority" language is ... German. It is the national language of the Community's most populous member state, of course. But it is also spoken by over 1.2 million Frenchmen, 280,000 Italians, nearly 100,000 Belgians and some 20,000 Danes.

The Study claims that over 1.5 million of the Community's citizens speak old Provençal. While most of them live in southern France, a few are to be found in the Italian Piedmont. Catalan, another Latin language, is spoken outside Spain by some 200,000 people living in the extreme south of France and another 20,000 in Sardinia.

Over 600,000 people speak Friulian and 30,000 its close relation, Ladin, two languages of north-east Italy which are close to the language spoken in the Swiss canton of Grisons. Some 160,000 people speak Corsican and roughly as many Sardinian, two other minority Latin languages.

Nearly two million Europeans speak the language of the Celts, the first inhabitants of the continent. Among them are 800,000 Irish, 550,000 Bretons, half a million Welsh and nearly 80,000 Scots. Frisian, a Germanic tongue, is spoken by 400,000 people in the Dutch province of Friesland and by 9,000 in northern Germany.

In the extreme north of France Flemish is the mother tongue of 100,000 Frenchmen, while in the south-west it is Basque for another 80,000 Frenchmen. Almost as many Italians speak Albanian ... And so it goes on.

\* Danish, Dutch, English, French, German, Greek, Italian, Portuguese and Spanish.