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SUMMARY

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AGRICULTURE: Agreement on prices should help reduce surpluses

The European Community's farm ministers have done more than agree on the farm price package for the 1986/87 agricultural year: they have also made possible the continued reform of the common agricultural policy. As a result, the mountains of surplus should shrink, thus reducing the threat to the Community's aid programmes for job creation, the regions and research.

By a very large majority, as only the German minister, Ignaz Kiechle, cast a negative vote, the Agricultural Council adopted on April 25 in Luxembourg the annual price package put together by the European Commission. It amounts to a price freeze for most products, and is accompanied by measures to combat surpluses in cereals and dairy products.

The agreement took observers by surprise: some had thought it would be weeks, if not months, before ministers agreed on prices for the agricultural year, which in theory began on April 1. The Council's decision fits in well with the level of food surpluses in the Community, the difficulty of finding outlets abroad and the state of the Community's budget.

The Council has introduced a 3% tax on cereal producers but without penalizing small farmers, while raising quality standards. Milk production quotas will be cut by 3% in three years, with a 2% cut between now and next April. The ministers also agreed to take steps before the end of the year to cut down the surplus production of beef and veal.

The prices set by the ministers, which determinate the payments to farmers by the Community, make it unnecessary for the Commission to revise its budgetary forecasts for the year. At the same time, the aid package recently put forward by the Commission (see Eurofocus 16/86) should make it possible to compensate farmers genuinely effected by the price freeze and other anti-surplus measures - none of which apply, incidentally, to Spanish and Portuguese farmers. They are covered by the transitional measures agreed on prior to their countries' entry into the Community.

MOTORCARS: How to save lives and reduce pollution

The European Commission believes it knows how to save thousands of lives each year, prevent tens of thousands of road accidents, save petrol and reduce pollution. Its answer: make it obligatory for drivers in all 12 European Community countries to have their cars tested regularly for roadworthiness.

The Commission in fact is proposing this to the member states, on the basis of the findings of a study carried out for it last year. Given that many accidents are due to faulty vehicles, the study concludes that regular inspection in all member states would save between 1,000 and 1,800 lives each year, reduce injuries by at least 24,000 and avoid between 60,000 and 130,000 accidents in which there is only material damage.

The Commission has proposed that all vehicles pass a roadworthiness test when three years old, be tested again two years later and annually thereafter. Each member state would be free, however, to introduce earlier and more frequent tests. And the system would be introduced gradually, as setting up the necessary testing facilities may take time in some countries. Vehicles over seven years old would be tested first, therefore, followed by the six-, then five-year olds.

Since 1 January 1983 vehicle testing is obligatory in the Community but only for buses, taxis, ambulances, trailers and goods vehicles over 3.5 tonnes. Testing of passenger cars and light trucks is required only in the U.K., the Benelux countries, Germany, Italy and Greece.

If the Twelve accept the Commission's proposals, the tests not only would cover all vehicles but also require inspectors to check a specified list of critical parts, including the brakes, steering, seat belts, wheels and suspension and chassis frame.

The inspectors would also examine exhaust gases and look for oil leaks. This should reduce emissions of carbon monoxide by 20% and of hydrocarbons by 10%.

The tests would also reduce noise pollution. And as cars which are old or badly maintained use more petrol, the tests would save some 1.2 million tonnes of fuel each year, or 1.5% of total consumption.

TELEPHONES: A more versatile service from 1988

If you want to know who is trying to get through to you when you're on the phone yourself, or identify the phantom voice at the other end of the line, or see the price of a call appear on your screen - well, just hang on another year or two. From 1988 you could have all this - provided the governments and telephone authorities in the 12 European Community countries follow the European Commission's recommendations.

Recent developments in electronics make it possible to convert the spoken world into the language of computers, in much the same way that music is transferred on compact discs and high definition television operates. Thanks to the computer, digital telephones will open the door to a host of new possibilities for telephone users.

They will also result in a vast new European market of some $40 billion a year and a world market five times this size from 1990, according to the European Commission.

The new-look telephones will also provide the indispensable link between the present telephone network and the wide band telecommunications network which should cover the 12-nation European Community in the 1990s, thanks to the Community's research programme, RACE.

The necessary investments have been put at six to seven billion ECU* between now and 1993 by the European Commission.

The changes needed to bring in the new digital telephones are already taking place. Both the national telecommunications authorities in the member states and the industry are in broad agreement with the Commission's guidelines.

But the Commission wants the national authorities to undertake to provide (1) a geographical coverage such that 80% of European subscribers could have access to the digital network and (2) connect, by 1993, at least 5% of the lines of the major subscribers in 1983, to this network. The Community's disadvantaged regions would benefit from this new technology under a special Community aid programme, baptized STAR.

* 1 ECU = UK£ 0.62 or IR£ 0.71.

BUTTERFLIES: Commission wants to lift the ban on imports

It may seem paradoxical to suggest that in order to protect exotic butterflies the European Community should authorize their import and sale. But this is just what the European Commission has proposed to the Twelve.

The import of rare varieties is banned in the member states since 1984, following a 1982 Community regulation which gives effect to the international convention on trade in endangered species of wild fauna and flora. But the experts entrusted with the Convention's implementation have discovered, in the last few years, that a ban on trade is perhaps the wrong way to save butterflies from extinction.

The fact is that in several Third World countries butterfly farms not only bring in money but are also an effective way of protecting the natural environment. Papua-New Guinea has many such farms, set up with the help of the Government and the World Wildlife Fund.

Small areas have been cleared to make way for plants which provide food for larvae and produce nectar for adult butterflies. Such a complete habitat attracts and holds a breeding population that renews itself normally.

Butterfly farms allow the local population to earn money without having to cut down rainforests in order either to sell the timber or set up coffee or cocoa plantations. The Papuan programme is regarded as a model of its kind and has already been adopted in a number of tropical countries, including India, the Philippines and Mexico.

But the success of these farms depends on the existence of a market for their output. Hence the Commission's proposal to lift the current ban on imports.

TRADE: Community's relations with Australia on the mend

There has been an appreciable thaw in the European Community's relations with Australia, following the meeting in Brussels between Bob Hawke , the Australian prime minister, and Jacques Delors, President of the European Commission, and Willy De Clercq, the Commissioner responsible for the EC's external relations. Not only were the talks held in a cordialatmosphere; at the end of the day-long meetings both sides could point to several areas of agreement. At his press conference the Autralian prime minister spoke of his "very positive session" with Mr De Clercq, adding "I therefore don't want to go into negatives".

Although the Community is one of Australia's major trading partners, relations between them have been tense on occasion. The Community's exports, which reached a record 7,000 million ECU* last year, consist chiefly of manufactured products, including machinery, transport equipment and chemicals. But many are subject to high tariffs and, in some important cases, to severe import restrictions. The tariff on cars, for example, stands at 75%, although it is to be reduced to 57% in 1992.

Community imports consist mainly of raw materials - coal, iron ore, uranium, non-ferrous metals and wool. They came to 4,700 million ECU last year, the highest level reached so far. But imports of agricultural products have declined over the last decade, although in 1984/85 the EC still took 14% of Australia's agricultural exports, as compared to 21% for Japan and 9% for the United States. The Australians nevertheless tend to be strongly critical of the common agricultural policy, which they see as having a damaging effect on their own exports.

Prime Minister Hawke was particularly pleased, therefore, at the Commission's continued support for the agreement he had personally concluded just over a year ago. Under this agreement the Community has voluntarily abstained from making subsidized sales of agricultural products to the six Far Eastern markets to which Australia has diversified its exports in the decade following Britain's entry into the European Community.

Both sides agreed that trade in agricultural products should be on the agenda of the forthcoming round of multilateral trade negotiations. But while the prime minister wants agricultural trade to occupy a prominent place in the new round, the Commission believes the aims of this round should be to achieve a balanced, global package.

* 1 ECU = UK 0.62 or IR£ 0.71.

AID: Community, NGOs agree that small can be beautiful

Over the last ten years the European Community has formed a partnership with Europe's voluntary aid agencies, such as Oxfam, War on Want and Trocaire, to make sure that its development aid reaches people who might be overlooked by official programmes. Just how successful this partnership is proving is clear from the volume of Community aid that is being channelled through the non-governmental organizations (NGOs), as these agencies are collectively known in the jargon of aid to the Third World.

Some 150 million ECU* a year, representing roughly 7% of the Community's annual aid budget, now goes to the NGOs based in the member states. A key element of the Community's contribution to them, and historically the oldest, is the sum allocated to co-financing development projects.

In 1976, when the EC/NGO partnership began, the Community gave NGOs some 2.5 million ECU to co-finance 75 development projects in the Third World. Last year it gave over 40 million ECU, to be shared out among 315 projects. The projects, not surprisingly, are small, and the Community's contribution averages 115,000 ECU per project.

This is deliberate, of course. As Claude Cheysson, the European Commissioner responsible for North-South relations has pointed out, official aid programmes tend to neglect the human factor, partly because of their sheer size. NGO projects "are not conceived in ministries or engineering consultancies but among the very men and women for whom they are destined".+

Where governments and international agencies see people as "anonymous and uniform recipients" of aid programmes, the NGOs "see in them the inspiration for their activities and immediately treat them as partners".+

When the NGOs met in Brussels recently for their 12th General Assembly, they drew up a balance sheet of their 10-year cooperation with the European Community. They have been largely associated with the Community's 120 million ECU programme for relaunching the economies of the eight African countries hardest hit by drought and famine, including Ethiopia and the Sudan.

Last year the Community contributed 150 million ECU to help finance NGO activities the Third World over. Some 58 million ECU of this went on food aid, another 46 million ECU was devoted to emergency aid and some 43 million ECU was spent on co-financing 315 development projects in the Third World as well as 66 development education operations within the Community itself.

* 1 ECU = UK£ 0.62 or IR£ 0.71.

\+ In <u>Partners for Development</u>, published by the NGOs to mark the 10th anniversary of their cooperation with the European Community.

TRADE: Coming to terms with the Asian dragon

In the picturesque language of the Far East, South Korea is one of the "dragons" of Asia - whose hot breath has blasted Europe's industrial landscape, some would add. The fact is that in the space of a generation this Asian peninsula, with a population of 40 million but without any natural resources, has transformed itself from a country devastated by civil war into an industrial nation, among whose major exports are textiles, steel, ships and consumer electronics.

But the present level of trade between the European Community and the Republic of Korea is nowhere near what it could be, even though it has more than doubled since 1978. Last year the Community's exports came to 2,700 million ECU*, its imports to 3,300 million ECU, leaving it with a deficit of nearly 600 million ECU.

This is partly because half South Korea's foreign trade is with the United States and Japan. But it is also because of the complex of temporary "emergency measures", high import duties and a variety of non-tariff barriers with which the South Koreans protect their home market. The Government's stated objective of increasing trade with the Community has produced few tangible results so far.

Hence the importance of the visit to Brussels on April 17 of the South Korean President, Chun Doo Hwan, at the head of an important delegation, which included no fewer than four ministers. In his talks with Lord Cockfield, acting President of the European Commission, and Willy De Clercq, the external relations commissioner, the President expressed his country's readiness to diversify its economic and commercial relations, as to reduce its present dependence on the U.S. and Japan for its imports. He also requested a bigger European presence in South Korea.

Lord Cockfield and his colleagues stressed the need for the Koreans to (1) open their markets to imports and (2) accept greater responsibility for the smooth functioning of the international trading system. The South Korean Trade Minister, Jin-ho Kum, noted that a delegation of Korean businessmen will visit the Community this September to look at products suitable for their domestic market. He even gave Mr De Clercq a list of the products they had in mind.

The Community has sectoral agreements with Koreans under which the latter limit their exports of steel and textiles to the EC. But it would much rather encourage higher two-way trade.

* 1 ECU = UKL 0.62 or IRL 0.71.

MOTORING: How German insurance companies discriminate against foreigners

Do German motor insurance companies discriminate against foreign motorists by charging them higher premiums? Some Euro-MPs think they do, and one of them - Rüdiger Hitzigrath of Germany - has even asked the European Commission whether it is prepared to get the companies concerned to mend their ways.

The situation, as described by the Commission in its reply, is plain enough. German insurance companies claim to have clear proof that drivers of certain - unspecified - nationalities have a poorer claims record than others. In other words, they cost the companies more. Hence the existence of special guidelines governing the conclusion of motor insurance policies with drivers holding these nationalities.

The Commission's stand on the matter is clear. Any practice which results in nationals of another European Community country, resident in Germany, being less favourably treated "solely on grounds of nationality is discriminatory and contrary to the EC Treaty". Over two years ago the German Federal Government told the Commission that the insurance supervisory authority had rejected applications for special, higher tariffs, to be applied to certain foreign drivers seeking compulsory third-party motor insurance.

But the Commission wants nationals of other Community countries treated in exactly the same way as German nationals as regards non-compulsory motor insurance also, even though companies are under no obligation to provide cover and there are no approved tariffs. Given the questions put to it, the Commission has decided to write to the German authorities again to ask what steps have been taken to end discrimination.

ROAD SAFETY: Will a European driving licence help?

How can the 1986 European Road Safety Year be made more effective? A French Euro-MP, Dominique Baudis, believes a good start can be made by insisting that all European Community countries implement the 1980 directive on the introduction of a Community driving licence.

The European Commission shares his view as to the importance of a Community driving licence. As it told Mr Baudis, it has taken Belgium, Ireland and Italy to the Court of Justice for not taking all the measures needed to introduce a Community driving licence.