

SUMMARY

- P. 2 TRADE: A breathing space in EC/US relations
Europeans and Americans lay down their arms (trade) until 31 December.
- P. 3 TELEVISION: Community lends ECU 75 m. for second generation satellites
New channels for the EC's cable networks, thanks to Europe's Investment Bank.
- ENERGY: Keeping tabs on the Community's oil stocks
A European formula to avoid panic in the event of an oil crisis.
- P. 4 REGIONAL DEVELOPMENT: Creating European regions without frontiers
Dutch, German and Belgian regions join to form a Euro-region.
- P. 5 COMMUNITY LENDING: Over ECU 7,700 m. in 1985 to boost growth
8% more than in 1984, with priority for disadvantaged regions.
- P. 6 HEALTH: The EC Commission keeps a watchful eye on additives
Additives are not the only threat to health; it can also be the packaging.
- P. 7 NUCLEAR ENERGY: Temporary workers are protected .. on paper
Commission underlines need for regulations to be enforced.
- HEALTH: Braille machines are hit by VAT ... blindly
VAT rates can be anywhere from 0 to 25% in the Community.
- P. 8 AID: EC steps up aid to Afghan refugees
ECU 12 m. in food aid this year.
- TRADE: Should the Community ban imports of frogs' legs?
A Belgian Euro-MP wants the trade controlled internationally.
- P. 9 MONEY: From the "Rainbow Warrior" to capital movements
How freeing capital movements will help a dead photographer's family.
- TOURISM: All you need to know ... in a few pages
Travelling in Europe? Basic information from the European Commission.

TRADE: A breathing space in EC/US relations

The trade war between the two shores of the Atlantic will not take place ... at least not just yet. Thanks to an agreement reached on July 2 between Willy De Clercq, the European External Relations Commissioner, and Clayton Yeutter, the U.S. Special Trade Representative, the world's two largest trading powers have decided to put aside their panoply of retaliatory measures and wisely wait until December 31 to complete their negotiations.

What sparked off the quarrel was the implementation of the common agricultural policy by the Community's newest member states, Spain and Portugal. The United States maintained that the new measures adopted by the two Iberian nations had hurt American producers. They demanded that either the measures be scrapped or compensation paid - failing which, the U.S. announced in March, it would take retaliatory action.

The first shots were duly fired by the Americans in May as announced. The Community retaliated, with ammunition of roughly equal calibre. But both sides were careful to take measures of largely symbolic value.

The second round of retaliatory measures, which the Americans had announced for the beginning of July, would have been far more damaging. The Community, for its part, had promised to take measures equal in their effects to the American, should the latter actually carry out their threat. The spectre of a trade war loomed dangerously near.

MM De Clercq and Yeutter have now decided not to raise import duties as they had announced in May and June respectively. They have undertaken to speed up the negotiations already begun in the GATT framework, in order to reach a final agreement on the consequences of enlargement by December 31. These negotiations are being conducted under the GATT provisions relating to the creation or extension of a customs union.

Meanwhile, the two sides have taken steps to prevent injury to each other. Between July and December the Community will keep a watch on Spanish imports from the U.S. of the products in question*. Should they fall below a certain level, it will authorize imports into the EC of the shortfall.

According to Mr De Clercq, the poor harvest forecast for Spain this year will oblige it to import large amounts of the products in question, so that the interests of the other member states will be safeguarded.

* maize, sorghum and three other products used as animal feed.

TELEVISION: Community lends ECU 75 m.* for second generation satellites

In the 1990s millions of Europeans will be able to pick up new television broadcasts thanks to an ECU 75 million loan which the European Investment Bank has made to Eutelsat, the European telecommunications satellite organization. The loan, from the European Community's bank, will help Eutelsat to replace the satellites which, put into orbit in the early 1980s, will come to the end of their useful life in 5 years' time.

The second generation satellites will be twice as powerful and their higher capacity will allow a much wider range of services, including the distribution of new television programmes to users of cable TV networks and services aimed more specifically at business.

These satellites, which will be put into orbit from 1989 onwards, will make it possible simultaneously to bring forward "Television without Frontiers", increase the competitiveness of European companies and develop new technologies - which is why the EIB's Board of Governors (i.e. the 12 EC finance ministers) authorized the loan.

Eutelsat, set up in 1977, has 26 European members, among them the 12 EC members states. With its headquarters in Paris, Eutelsat's task is to design, establish and operate telecommunications satellites serving Europe.

* 1 ECU = UK£ 0.64 or IR£ 0.71.

ENERGY: Keeping tabs on the Community's oil stocks

The European Community very shortly will be as well prepared as the United States to keep its cool in the event of a new oil crisis. From the end of this month the EC will dispose of quick, accurate and regular information on oil stocks in nine of its 12 member states, thanks to a system baptized Euroilstock, which replaces the experimental Eurostock. Greece, Spain and Portugal are expected to join Euroilstock shortly.

Eurostock was launched in 1985, for a trial, 18-month period, with ECU 380,000* of Community funds. Given its success, made possible because of the participation of virtually all Community oil companies, it was decided to make it permanent by setting up the Euroilstock Foundation.

Based in Rotterdam, it will provide confidential information each week to industry, European governments and the European Commission.

* 1 ECU = UK£ 0.64 or IR£ 0.71.

REGIONAL DEVELOPMENT: Creating European regions without frontiers

Delegations of all kinds gravitate naturally towards the Commission of the European Community. The one that was ushered into the office of the Commissioner responsible for regional policy, Alois Pfeiffer, was not the most important, perhaps; but it was certainly one of the most interesting.

The delegation was made up of official representatives of Belgium, the Netherlands and the Federal Republic of Germany. Nothing surprising there, perhaps, except that they were the representatives of local and regional governments. And they had come to present the European Commission with a programme of transfrontier economic development, aimed at revitalizing the region where Belgium, the Netherlands and Germany meet.

Welcoming the programme, Mr Pfeiffer described it to the press as a good example of how the European spirit can be given concrete shape. But the programme itself is the outcome of an initiative going back some 10 years, when the local authorities of this transfrontier lying between the Rhine and Maas rivers jointly set up Euregio Maas-Rhine.

This is an area with a total population of 3.5 million but a higher than average unemployment rate and lower than average incomes. Hence the decision to launch an economic recovery programme cutting across national frontiers.

Work on this transfrontier action programme began some years ago, and while the programme itself was drawn up by a specialized institute in Dortmund, chambers of commerce, professional organizations and even the general public were all involved in it at one stage or another, as were European Commission officials.

On receiving the programme, Commissioner Pfeiffer underlined the importance the Commission attaches to transfrontier programmes in the context of the Community's regional policy. He saw the Euregio programme as "an important outcome of the dialogue between all the interested parties" and as "a significant step towards the Community's objectives of 'convergence' and 'balance'".

Mr Pfeiffer made it clear that the Commission clearly hopes the Community's Regional Fund and other financial instruments can be used to help achieve the goals of the Euregio programme. He noted that in the coming months the Commission will look for ways in which this can be done. But as it was a framework programme with several wide-ranging objectives, the Commission had to see which parts of it can be fitted into the Community's regional policy and just how the Community can be involved in its implementation.

COMMUNITY LENDING: Over ECU 7,700 million* in 1985 to boost growth

A major source of financing for structural purposes within the European Community is the Community itself. Last year it lent a total of ECU 7,746 m., an increase of 8% over 1984, to companies, public authorities and financial institutions in the 10-nation EC**. At the same time it borrowed ECU 8,168 m. on Community and other capital markets, some two-thirds of it in Community currencies and in ECUs.

The bulk of Community financing - ECU 5,640 m. last year, or 73% of the total - is provided by the European Investment Bank, which was set up by the same Treaty that established the EC. In 1985 the EIB lent as much as ECU 2,231 m. for projects aimed at furthering the Community's energy policy objectives, including the rational use of energy, the harnessing of geothermal energy and energy saving in industry.

The Bank grants loans from its own resources. But it also makes loans from the resources of the New Community Instrument for borrowing and lending (NCI). These loans totalled ECU 884 m. last year, three-quarters of which went to the productive sector, in large part to finance investment projects of small and medium-sized companies in industry and directly related services.

The loans from NCI resources are a good example of how the EC is helping promote investments and employment. Between 1982 and 1985 nearly 7,000 small and medium-sized firms received loans totalling ECU 1,800 m. This, according to the firms themselves, led to the creation of an estimated 39,000 new jobs.

The two other sources of Community financing are the European Coal and Steel Community and Euratom. There was a 13% rise in ECSC lending to the steel industry, on the one hand, and for the industrial reconversion of regions once dominated economically by coal and steel on the other. Lending by Euratom rose to ECU 211 m., an increase of 13% over 1984. It was mainly in support of nuclear power, in line with Community policy of reducing the Community's dependence on imported oil.

Countries characterized by large regional disparities were the major beneficiaries. Three of them accounted for 80% of total lending: Italy (ECU 3,255 m., or 43%); France (ECU 1,539 m. or 20%) and the U.K. (ECU 1,283 m. or 17%). Other beneficiaries were Germany (ECU 464 m.), Greece (ECU 424 m.), Denmark (ECU 336 m.) and Ireland (ECU 175 m.). The three Benelux countries shared a total of ECU 157 m.

* 1 ECU = UK£ 0.64 or IR£ 0.71.

** The EC before enlargement.

HEALTH: The EC Commission keeps a watchful eye on additives

The use of additives in food preparations is not new, of course. But today's additives tend to be chemical substances, cryptically labelled E102, for example. In addition to these normal additives, there are those which "migrate", as it were, from the packaging material to the food itself, as in the case of the jelly babies reported by one Euro-MP to the Commission.

Concern within the European Community over additives surfaces regularly in the questions Euro-MPs put to the European Commission. But as the latter told Ray MacSharry of Ireland recently, the EC Council of Ministers has already adopted several directives dealing with such additives as food dyes, preservatives, anti-oxidants and emulsifiers, while proposals on flavouring and extraction solvents are under discussion. The Commission is also preparing lists of other types of additives.

In drawing up lists of acceptable additives, and keeping them up to date, the Commission relies very largely on the Scientific Committee for Food. This is an independent body, set up by the Commission, to help it on all matters relating to food safety.

The Commission does not advocate a ban on additives unless the adverse effects are "severe" or "widespread". Pressed by the British Euro-MP, Terence Pitt, to define these terms more precisely, the Commission pointed out that the few individuals who might suffer severe reactions "are normally aware that they are medically sensitive to foodstuffs or food additives and receive advice from their doctors".

The Commission added that independent scientists had advised it that clear labelling was an adequate safeguard. It noted that the FAO/WHO Committee on Food Additives has adopted the same principles as the Community on this matter.

Certain packaging materials can contaminate foodstuffs. Diethylene glycol (better known as anti-freeze) and monoethylene glycol, which are used in regenerated cellulose films as softeners, can "migrate" to the food they are in contact with; hence the anti-freeze in some packets of jelly babies, reported by the Belgian Euro-MP, Willy Kuijpers.

The Commission had already told a Belgian Euro-MP, François Roelants du Vivier, that in recent months several member states, including the U.K., Germany and the Netherlands, together with regenerated cellulose manufacturers, had begun a series of tests. The results were conflicting, but the Commission had already initiated action to prevent any possible risk to public health.

NUCLEAR ENERGY: Temporary workers are protected ... on paper

On paper, temporary workers at nuclear power stations are protected against radiation dangers in the same way as those in permanent employment. Comprehensive European regulations exist for this purpose, as the European Commission has pointed out to a Dutch Euro-MP, Phili Viehoff. But that they are not always applied, the German journalist, Günter Wallraff, has shown in his book and film on the trials and tribulations of Turkish workers in Germany.

According to European Community directives, first drawn up in 1959 and last revised in 1984, each member state must apply European-based standards which set limits to radiation exposure. The national authorities must make sure that both the radiation to which workers are exposed, and their general state of health, are monitored. This information must be kept and the workers given adequate training.

These rules apply also to workers recruited by companies which supply temporary staff, when they are employed on the most dangerous tasks in nuclear power stations. According to the European Commission, special measures have been taken to protect temporary workers. They include the creation of a logbook containing details of radiation exposure, the computerization of the results of medical and other examinations as well as special training and information courses.

It is to be hoped that the enforcement of these rules will prevent the exploitation of immigrant workers, who are exposed to high radiation levels before being sent back to their country of origin.

HEALTH: Braille machines are hit by VAT ... blindly

Among the things which have largely escaped harmonization are VAT rates. And this absence of harmonization is most obvious as regards Braille machines. VAT is levied on these machines at rates ranging from 0 to 25%, as the European Commission has pointed out in its reply to a question from the Belgian Euro-MP, Raphaël Chanterie.

The U.K. and Portugal are the most generous; the machines are totally exempt from VAT. The Netherlands applies VAT at 5%, Spain and Luxembourg at 6% and the Federal Republic of Germany at 7%. The rate then jumps to 18% in France and Italy, 19% in Belgium, 22% in Denmark and a record 25% in Ireland.

AID: EC steps up aid to Afghan refugees

The European Community has stepped up its food aid to the Afghan refugees in Pakistan, the European Commission recently told two Euro-MPs. It pointed out that the Community and its member states are among the major donors as regards both food and humanitarian aid.

The two Euro-MPs, Ernest Mühlen and Hans-Jürgen Zahorka, had expressed concern that the Community reportedly has suspended shipments of skimmed milk powder. The Commission confirmed that although 700 t. of milk powder had been supplied as recently as last November, it was not included in the 1986 food aid package.

But this was because it was not on the list of essential staple products drawn up by the two U.N. agencies which had assessed refugee needs for 1986. In keeping with their recommendations the Commission had allocated 45,000 t. of cereal and 2,000 t. of sugar. As the EC had only limited quantities of edible oil, the third product on the list, it had been replaced by 1,000 t of butteroil.

The Commission valued the 1986 food aid package at ECU 12 million*, an increase over last year. It noted the Community had helped finance a health programme for 250,000 refugees and a vocational training programme for women. It was now awaiting fresh projects.

* 1 ECU = UK£ 0.63 or IR£ 0.71.

TRADE: Should the Community ban imports of frogs' legs?

The European Community's imports of frogs' legs from India and Bangladesh, two major exporters, came to around ECU 7 million* last year. But the trade has always aroused concern, despite its small size. Animal lovers want imports banned because of the pain inflicted on the frogs, environmentalists because the depletion of the frog population in India and Bangladesh is upsetting the ecological balance.

A Belgian Euro-MP, François Roelants du Vivier, would like the European Commission to take the lead in seeking international control over trade in frogs. The frog population, he has argued, is being increasingly depleted in India and Bangladesh.

The Commission has no evidence either for or against this. However, Bangladesh has banned the catching of frogs during the breeding seasons and is promoting frog rearing. As for the two most important species, trade in them is subject to international control since last year. This includes trade in frogs' legs as regards these two varieties.

* 1 ECU = UK£ 0.63 or IR£ 0.71.

MONEY: From the "Rainbow Warrior" to capital movements

At first sight, the death of the Greenpeace photographer, Mr Perreiro, during the sinking of the "Rainbow Warrior" in Auckland harbour last summer, has little to do with the slow, hesitant moves towards the creation of a genuine common market.

But Mr Perreiro's family will benefit from the European Commission's efforts to free capital movements throughout the Community. The fact is that the photographer's friends set up a relief fund in Portugal to help his family. But the French authorities blocked the transfer of donations to this fund at the end of last year, according to two Euro-MPs, Mrs Marijke van Hemeldonck, and Dieter Rogalla.

Under the European regulation in force at that time, France had the right to block sums in excess of 6,000 French francs (roughly UK£ 550 or IR£ 620).

The French agreed in June to a request from the Commission, in the framework of the first phase of a Community plan for freeing capital movements. Paris has since eliminated a number of restrictions including, in principle, those which have been holding up the sums meant for Mr Perreiro's family.

TOURISM: All you need to know ... in a few pages

Are you looking for a pocket guide to exchange rates, the use of Eurocheques, Continental speed limits and the number of cigarettes or bottles of wine you can bring back duty-free from another European Community country? Then look no further, for the European Commission has just brought out a 12-page booklet, Travelling in Europe.

You can pick up your copy from the Commission's information offices in the U.K. and Ireland* and branches of the Allied Irish Banks.

And in case you cannot get hold of one of the 1.2 million copies the Commission has printed for distribution in the 12 member states, just turn on the TV. The Commission has prepared a 2-minute film, which all major channels are showing this summer.

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