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SUMMARY

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INTERNAL MARKET: New Community regulations will help end frayed nerves

Long-distance lorry drivers, maddened by the dozens of documents required by customs officials at each of the European Community's internal frontiers, will probably look upon it as the most important invention since the internal combustion engine a century ago.

Business will be the first to profit from it, because of lower transport costs. And for the Community itself, it will mark a decisive step towards the completion of a large, internal market for goods.

It is the single document. From 1 January 1988 it will replace the 70-odd forms currently in use in intra-Community trade. These forms, which must accompany goods shipped from one member state to another, are cumbersome and complex. Most of all, they are time-consuming.

The single document will contain, in simple coded form, all the information required by national administrations for statistical, tax, payments or foreign exchange purposes. To gain yet more time it has been designed for processing by computers. Best of all, as the Community moves ahead in such fields as taxation, statistics and transport, and its internal frontiers disappear, even the single form will come to serve no useful purpose and will be withdrawn.

As a further step towards the reduction of paperwork, the same form, with the necessary additions, will also be used in trade with non-Community countries.

The last of the regulations needed to bring the single document into operation were adopted by the European Commission this summer. It is now planning a massive information campaign to make sure everything goes without a hitch fifteen months from now.

PORTUGAL: New motorways will strengthen Portuguese links to the EC

Good roads are good business, which is why the European Investment Bank, the European Community's own bank for long-term finance, is lending Portugal some ECU 25 million* to help it develop its road network. The funds have been earmarked for building new stretches of motorway between the major industrial centres around Oporto, and generally improving road links between the Portuguese coastline and Spain and France.

The roadworks to be financed by the EIB are part of various schemes costing an estimated ECU 200 million. They are scheduled for completion by end 1989.

* 1 ECU = UK£ 0.68 or IR£ 0.76.

REGIONAL AID: Crete inaugurates the IMP

The first Integrated Mediterranean Programme (IMP) has been launched, its beneficiary the largest of the Greek isles, Crete. Adopted by the European Commission on July 29, and signed at Heraklion, the regional capital, on September 2, it provides some ECU 470m.* over a 7-year period, so as to enable the European Community's southernmost region to develop faster.

The IMP represents a special form of regional aid. It aims to give the Mediterranean regions of the older, 10-nation Community the means to meet the increased competition resulting from the entry of Spain and Portugal. At the March 1985 European summit the Greek Prime Minister, Andreas Papandreou, secured an undertaking from his fellow heads of state or government that the EC would provide his country some ECU 2,000m. under the IMP.

Crete is an ideal beneficiary. It is among the Community's most disadvantaged regions. Agriculture accounts for much of its income and provides much of the employment. Its output is Mediterranean in character, consisting of olives, tomatoes, eggplant, grapes and figs - not forgetting the sheep and goats.

Agriculture is to get 25% of the funds being made available under the IMP, and will be used largely to help farmers diversify their production. Tourism, next to agriculture in importance, will receive 10% to develop new sites.

The lion's share of the funds - some 33% - has been earmarked for industry, which hardly exists at present. The rest will be spent on developing the island's infrastructure, with communications, health and training receiving 23% of the total and rural areas and the centre of the island the remaining 8%.

The Community budget will meet 51% of the expenditure. Community loans, channelled through the European Investment Bank, will cover another 30%, with the rest being provided by Greek agencies, both public and private.

The IMP for Crete, 9 months in the preparation, covers the period 1986-92.

* 1 ECU = UK£ 0.68 or IR£ 0.76.

DEVELOPMENT AID: After the famine, a plague of locusts

The plague of locusts forecast by the U.N. Food and Agricultural Organisation (FAO) for the Sudan this month is being fought under an emergency programme drafted by the European Community earlier this summer. Its aim is to help the Sudanese authorities save this year's harvest and ward off the threat to harvests in neighbouring countries, including Ethiopia.

The programme is being implemented in close collaboration with the United States Government's Agency for International Deveropment (USAID) and the FAO. As a result, the more than one million ECU* provided by the Community has been increased by an American contribution of one million dollars.

The campaign is expected to last until the end of the year. Most of the necessary supplies have already reached the Sudanese capital, Khartoum, so that aerial spraying can begin without any delay. The Community is also keeping an eye on the situation in other African countries, through its on-the-spot representatives.

The Sudanese operation is part of a much wider Community programme to help African countries meet the invasion of locusts. Supplies of vehicles, spraying equipment, pesticides and other necessary items, worth over ECU 3 million in all, have already been allocated to the sub-Saharan countries where the danger is the greatest.

DEVELOPMENT AID: Sudan to receive ECU 29m.* under EC's commodity programme

For the Sudan, beset by problems of food production, there was some good news this summer. It is to receive nearly ECU 29 million from Stabex, to help off-set the shortfall last year in the country's export earnings from groundnuts.

Stabex is one of the major innovations of the Lomé Convention, the trade and aid agreement which today links the 12-nation European Community to some 66 developing countries in Africa, the Caribbean and the Pacific. Its aim is to make up any shortfall in a country's projected income from its exports to the Community of a wide range of agricultural products.

Some ECU 113 million in all has been allocated by Stabex since the beginning of this year to meet losses incurred by several Lomé Convention countries in 1985. A further allocation will be made later this year.

In addition to the Sudan, other beneficiaries this summer included Ethiopia (ECU 7 million) and Mozambique (ECU 9 million).

* 1 ECU = UK£ 0.68 or IR£ 0.76.

TRANSPORT: Quicker by train than plane?

Holiday makers trapped this summer in motorway traffic jams, or in overcrowded airport lounges, may have an alternative in a few years' time: high-speed trains. The only such trains running at present are France's TGVs, which cover the 400 kms. between Paris and Lyon at a speed of over 200 km/hr. But both the German and Italian railways are building special lines to take high-speed trains, while in Britain new rolling stock will probably be built to run at speeds of well over 200 km/hr.

The fact is that for distances of between 200 and 800 kms. high-speed trains compete effectively with both air and road transport, given the poor accessibility of European airports and the increasing saturation of European motorways, especially in the summer months. And they have a clear advantage when it comes to the rational use of energy and to environmental protection.

A report by the European Commission in fact has pointed out that high-speed land links will (1) improve trade between the 12 European Community countries, (2) result in major infrastructure projects, with a beneficial effect on employment, (3) lead to the development of new technologies, for which there is a high potential demand on world markets and (4) enable European firms, especially those specializing in guided transport equipment, to become more competitive. The profits made by France's TGVs suggest that high-speed trains can help the railways end their losses.

The Commission's Report insists that the network be set up at Community level and that cooperation on research and industrial development be speeded up. The basic network by the year 2000 would include lines on which passengers would travel at speeds of up to 300 km/hr. and other lines on which the maximum speeds would be between 160 and 200 km/hr. It would be built around the projected Paris-Brussels-Cologne line, extended eventually to London, via the Channel tunnel, and to Rotterdam.

But high-speed rail links do not come cheaply. If a European network is to be built within a reasonable period of time, the railways, already heavily in debt, will have to look elsewhere than to governments for the necessary cash. The Commission's report envisages the various techniques which have been used for industrial projects in such capital-intensive sectors as oil and gas. It also points to the Community's own financial instruments, including the possibility of loans from the European Investment Bank, which is owned by the member states.

ECONOMY: Creating more jobs in the retail trade

Most European retailers believe they could create more jobs, provided the starting pay could be lowered, wage differentials widened and redundant staff laid off more easily. This was a key conclusion of a survey of the retail trade carried out on behalf of the European Commission in five European Community countries: Belgium, the Federal Republic of Germany, France, the Netherlands and the United Kingdom.

The firms surveyed expected to add to their work force over the next 12 months, but on a very small scale. They felt that increased turnover by itself could not result in more jobs. The measures they favoured were: lower starting pay (over 70% of the firms surveyed); more flexible dismissal procedures (63%) and wider wage differentials (53%).

Half the retailers (49%) believed in the virtues of more flexible working time (as against 58% in industry), while 43% thought that complete freedom to set opening hours would lead to more jobs. However, only 36% of those surveyed were unhappy with the existing legislation on opening hours. They were only 10% in the Netherlands, but were more numerous in Germany (29%) and France (34%). Their numbers rose quite sharply in countries in which the legislation is already very liberal: Belgium (46%) and the U.K. (47%).

The retailers thought that some 6% of full-time jobs could be split into a larger number of part-time jobs. The percentage varied from country to country, however. It rose to 7% in the U.K. but fell to 4.3% in Belgium. Elsewhere, the percentage of full-time jobs that could be split was 6% in France and the Netherlands and over 5% in Germany.

Other surveys on labour market flexibility have been carried out in industry and among the workforce (see Eurofocus Nos 42 and 43/86 and 20/86).

POLLS: "Foreigners" inspire greater confidence among Community citizens

On the whole, people living in the 12-nation European Community trust people from other countries, including some outside the EC, more than their fellow citizens. This is one of the findings of the latest Eurobarometer survey of public opinion in the Community, conducted last spring for the European Commission.

But this display of goodwill hides a wide range of stereotypes. Among the member states, the smaller northern countries are regarded more favourably than the Mediterranean countries. Among people from non-Community countries, the Swiss are seen as very reliable while the Turks are viewed with suspicion.

Trust among the citizens of the nine older Community countries* is greater today than 10 years ago. But the change is less marked in relation to the 1980 survey, when most of the nine countries inspired roughly the same degree of trust. However, while the Italians have a much better image today, that of the British is much tarnished.

As for the three newcomers to the EC, the Spaniards and Greeks have a better image than in 1980, while distrust of the Portuguese has increased.

The citizens of the three Benelux countries and Denmark are the most highly regarded of all: over half of those polled trust them. The Germans also are favourably viewed. Feelings towards the French, British and Irish are more mixed, while people from the four southern member states were unfavourably viewed by nearly one-third of those polled.

Of the six non-Community populations, the Swiss and Americans came out best: they are favourably viewed by as many as 65% and 54% respectively of those polled. The Japanese and Chinese inspire less confidence, but attitudes tend to be favourable rather than hostile.

The Russians and Turks inspire the greatest suspicion, with favourable attitudes falling to 29% and 22% respectively of those polled. However, attitudes in general have improved since the 1980 and 1982 surveys.

* The Twelve minus Greece, Spain and Portugal.

SUMMER TIME: European Commission is accused of "manipulating" time

The advocates of a natural system of timekeeping clearly are up in arms. They maintain that manipulating clocks at summertime is bad for people's health and their work, and involves them in needless expenditure. A Belgian Euro-MP, Francois Roelants du Vivier, put these arguments, which have been advanced by the Association for a Natural System of Timekeeping and Against the Manipulation of Time in Europe, to the European Commission recently. What arguments, he wanted to know, could the Commission muster against them?

The Environmental Commissioner, Stanley Clinton Davis, noted that opinion polls in various European Community countries did not appear to support the Association's views. Getting the member states to move to summer time on the same day in fact had helped avoid expenditure on transport and communications.

Mr Clinton Davis energetically rejected the suggestion the Commission was "manipulating" European time. All it had done, he pointed out, was to see to it that summer time begins and ends in all member states on the same day. The Commission's initiative had led all Western Europe to follow suit, so that the entire Continent now adjusts its clocks on the same dates. (However, summer time still ends on different dates in the U.K. and Ireland).

SURPLUS MILK: Good for calves?

John Iversen thinks that rearing calves on whole milk is neither ethical nor especially good for their health. The Danish Euro-MP in fact would like the European Commission to ban the growing practice of fattening calves on whole milk.

But the Agricultural Commissioner, Frans Andriessen, clearly feels it is better to pour milk down throats rather than down the drain - or into storage tanks. Replying to Mr Iversen he admitted that calves generally are fattened on milk feeds produced by compound feed manufacturers.

But they can be fattened on whole milk. And the Commissioner speculated that with the introduction of milk quotas, more dairy farmers probably were using more of their milk for this purpose. After all, it made more sense from the commercial point of view.

The Commissioner did not know, however, just how widespread the practice had become.

BEVERAGES: VAT rates compared and contrasted

Buy a bottle of mineral water in Ireland and you won't pay a penny in VAT. In Denmark, however, the VAT rate for mineral water is 22%. Whether you buy wine or fruit juices, VAT is four times higher in Belgium than in neighbouring Luxembourg.

Harmonization of VAT rates is still a long way off, as the European Commission's reply to a question from a Belgian Euro-MP, Luc Beyer de Ryke, clearly shows.

Each of the 11 European Community countries applying VAT has its own rates for beverages as for other products*. Some countries have taken advantage of VAT to protect their national beverage from foreign competition, by charging VAT at a higher rate on imports.

The fact that Belgium levies VAT on wines at 25%, as against 19% in the case of its national beverage, beer, has led the European Commission to take it to the European Court of Justice in Luxembourg. Other countries have already found themselves taken to task for the same reason, and have had to adjust their VAT rates accordingly.

Five EC countries apply the same rates, whatever the beverage (wine, beer, mineral water, fruit juices and lemonade). They are Germany (14%), the United Kingdom (15%), France (18.6%), the Netherlands (19%) and Denmark (22%).

In two of them mineral water is treated more generously: it is zero-rated in Ireland (as against 25% for other beverages) and at 6% in Spain, which is half the rate for the other beverages. In Italy fruit juices and lemonade are penalized; at 18% the VAT rate is twice as high as for other beverages. Portugal taxes lemonade at 16%, the other beverages at 8%.

Luxembourg favours wine and fruit juices: the VAT rate for them (6%) is half that for other beverages. In Belgium, however, the lower rate (9%) applies to beer, mineral water and lemonade, the higher (25%) to wine and fruit juices.

The European Commission, unhappy over this state of affairs, plans to push for a general harmonisation of all VAT rates.

* Greece has not yet switched to VAT.