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NUCLEAR ENERGY: The fall-out from Chernobyl is far from over

The accident at the Chernobyl nuclear power station in May highlighted the importance of a rapid exchange of information on radiation levels among the 12 European Community countries. But it also revealed just how inadequate the existing provisions and arrangements are, despite the fact that nuclear safety is one of the goals of the 1957 Treaty setting up the European Atomic Energy Community (EURATOM).

The European Commission would like the 12 member states to act as quickly as possible to remedy the shortcomings which Chernobyl threw into stark relief. Its President, Jacques Delors, even wants the Council of Ministers to devote its October session to a wide-ranging debate on nuclear matters.

But the Commission is only too conscious of the difficulties it faces, given the differences in national policies and practices. It clearly would like to propose stricter basic standards for the protection, both of workers in the nuclear industry and the general public, from radiation exposure. But it feels that such a move could be premature, given that several member states have yet to implement existing Community directives in the matter.

The proposals which the Commission sent to the member states in July reflected the pragmatism that one would expect from the British Commissioner responsible for Nuclear Safety and the Environment, Stanley Clinton Davis. A key element of these proposals deals with information exchange. It provides for an ultra-rapid system, to be set up whenever unusually high levels of radioactivity are recorded in any EC country. This information network would operate round the clock in the event of a nuclear accident.

The Commission has also asked the member states to apply the basic safety standards imposed by the EURATOM Treaty more coherently and effectively. The need for this is all the greater today, when all the Community's 320m. inhabitants live within the fall-out zones of one or the other of the 50 or so nuclear power stations within its borders.

The Commission was equally prudent on the question of a Community nuclear inspection force. Although both the European Parliament and some member governments favour it, national experts whom the Commission consulted were opposed to it, on the grounds that it would only duplicate the work of the various national inspectorates. The Commission does not accept this; on the contrary, it believes a Community inspectorate would help bring about uniform safety standards.

BUSINESS: European Commission outlines an action programme

A Community-wide network of offices to disseminate information of interest to small and medium-sized businesses; simpler and, in some cases, the total elimination, of VAT formalities and easier access to credit - these are among the concrete measures the European Commission has proposed to the European Community Council of Ministers in an attempt to encourage the Community's smaller businesses.

The Commission's action programme consists of a series of specific measures as well as more general ones aimed at helping small businesses take better advantage of other European initiatives. Taken together, they should result indirectly in new jobs, according to Abel Matutes, the European Commissioner with special responsibility for the Community's small and medium-sized businesses. The fact is they account for the majority of existing jobs - and contribute more than other employers to the recovery.

Thanks to a Community-wide system of information offices the Commission would like to centralize all the information relative to the EC likely to be of interest to small firms: regulations regarding intra-Community trade and the free movement of persons, products and capital; Community loans; Community research programmes, etc.

This information network would have an office in each major region. As the Commission sees it, pilot offices, 2 or 3 to a country, would be opened in the first stage. They would receive a subsidy of ECU 50,000* during the first year and ECU 60,000 the second, after which they would be self-financing.

The Commission has also proposed that all businesses with an annual turnover below ECU 10,000 be exempt from VAT. The present ceiling is ECU 5,000. However, the member states are under no obligation to exempt those small firms which do not reach this sum. In fact Belgium, Italy and Spain grant no exemptions at all. The Commission also proposes a simpler, cheaper system of bookkeeping for the firms which do not qualify for an exemption from VAT.

The Commission has asked the Twelve to devote to their small and medium-sized businesses a part of the more than ECU 1,500m. to be raised on international markets under the New Community Instrument. This new NCI tranche, unlike previous ones, could be used to promote research and would no longer require the guarantee of member states.

* 1 ECU = UK£ 0.68 or IR£ 0.76.

SOCIAL SECURITY: Who will pay for whom in the year 2000?

In the year 2000 social security will not be what it is today, and the governments of the 12 European Community countries would do well to reflect on this as from now, and adopt common solutions. Even while issuing this warning the European Commission has given the Twelve a number of ideas: the creation of a "minimum social income", the launching of information campaigns on population trends and their consequences, and a redistribution of the cost of social security between the various types of firms and individuals.

The present mixture of economic crisis and falling birth rates could well prove explosive for the social security systems of most EC countries. It adds to social needs even while reducing the resources available to meet them. In several countries governments have reduced the level of social security contributions by firms, thus giving them a competitive edge over their competitors elsewhere in the Community. The Commission would like to prevent such situations from developing.

The most dramatic problem currently facing all European social security systems is that of the "new poor". In several Community countries there are categories of persons who either are not yet entitled to social security or are no longer entitled to it. They include both the young and the long-term unemployed. As the Commission has pointed out, an increasing number of people are finding themselves deprived of social security benefits under the combined pressure of employment problems and problems of a more personal nature, including family problems. Hence the Commission's proposal to the Twelve to introduce a minimum social income.

As for the falling birth rates, its consequences are positive at present: health expenditure on young mothers and children is falling, as is expenditure on family allowances. But spending on the elderly will rise even as the size of workforce declines. Recourse to migrant labour will again become necessary. The Commission therefore sees a need for information campaigns and the coordination of family policy in the Community.

The most difficult problem to resolve at the Community level, in its view, is that of finance. In Denmark, some 82% of social security expenditure is financed from public funds; in the Netherlands under 20%. This underlines the difficulties in the way of harmonizing national policies. The Commission intends to devote two years to studying these problems.

COMMUNITY ECONOMY: Fair skies - and a black cloud

The good news is that the European Community's economic recovery is continuing. But it is not unalloyed. The growth rates forecast for this year and the next, although an improvement in 1985, are still below those needed to reduce the rate of unemployment significantly and durably. The Gross Domestic Product (GDP) is expected to increase by 2.8% in both 1986 and 1987 (as against 2.3% in 1985). But growth rates of 3% and 3.5% are needed if unemployment is to start falling.

Unemployment is the one black spot in the otherwise reasonably bright picture painted by the European Commission in its report on the European Community's economic outlook for 1987. The Community, the report notes, is suffering from a shortage of jobs - which can be made good only if investment grows faster than incomes.

The fall in oil prices is creating conditions which are more favourable to investment; but its effect on unemployment is likely to be small, in the Commission's view. A total of 10% of the Community labour force will still be out of work in 1990, as compared to 12% in 1985, if policies and behaviour patterns remain unchanged. And in the event of a strong recovery in oil prices, the outlook for employment would become still more alarming.

The continued economic recovery owes a good deal to the fall in import prices, especially of oil. If exchange rate changes are taken into account, the import price of crude oil in ECU should fall by about 50% between 1985 and 1986. Domestic demand, not surprisingly, is expected to grow by 3.6% this year and by 3.3% in 1987 (in real terms), replacing demand for Community exports as the engine of growth. With interest rates falling, building investment should pick up again also.

The outlook for inflation in 1987 is favourable, in the Commission's view. In countries with inflation rates close to zero this year (Germany, the Netherlands, Belgium) some price rises are likely. But the downward trend could well continue in countries with relatively high rates (Greece, Portugal, Spain and Italy).

Although the economic recovery is entering its sixth year, a downturn cannot be ruled out - should the U.S. dollar weaken further and oil prices rise above \$20 a barrel. The Commission warns that the favourable effect of falling import prices will fade next year. There is an urgent need in the member states for a dialogue between industry and labour on how to maintain demand in 1987, the report concludes.

RETIREMENT: Commission recommendations towards a Community retirement policy

A European Community retirement policy is in the making, as the member states seek to put into practice the principles recommended to them in December 1982. The recommendation, adopted by the EC Council of Ministers, after a lengthy, Community-wide debate, provides for more flexible rules as regards retirement age; the right of elderly workers to financial compensation when their working time is gradually reduced, the right to some gainful employment after retirement and programmes in preparation for retirement.

A report prepared by the European Commission, on the basis of information supplied by the member states, points to "real progress" in recent years, despite the fact that social policies have been more concerned with fighting unemployment. The transition from work to retirement is now governed by a variety of provisions, including statutory bridging pensions and a lower statutory retirement age.

Flexible retirement remains a goal, however. Member states have concentrated their efforts on measures designed to encourage older workers to free existing jobs for redistribution to the unemployed. Genuinely flexible arrangements would leave the choice of early or late retirement to the worker. "Temporary measures to combat unemployment", the Report notes, "cannot constitute a real alternative to flexible retirement".

Even so, attempts to persuade older workers to accept reduced working schedules have led to the establishment of a framework for a gradual withdrawal from the labour market. This has not been accompanied, however, by retirement preparation programmes. These, the Report claims, "remain inadequate or unknown in the majority of member states". Although courses aimed at preparing workers for retirement do exist, some estimates put the numbers attending them at no more than 10% of the target population.

The Report does not propose new measures, especially as the principles set out in the 1982 recommendation "remain entirely valid". Pointing to the severe imbalance between the working and non-working population in the Community, it notes that flexible and phased retirement will result in a retired population which is less "worn-out", better educated and with a longer life expectancy than today's pensioners.

EUROPEAN INVESTMENT BANK: Finance for economic growth

"There is a shortage of jobs in the Community, which can be made up only through new investment". The Commission of the European Communities was perhaps stating the obvious in its report on the economic outlook for 1987. But it could usefully have referred at this point to the role of the European Investment Bank.

Last year the EIB provided ECU 6,524m.* to help finance investments within the 12-nation Community, and nearly ECU 26,000m. over the period 1981-85. These are not large sums in relation either to the EC's total investment needs or the sums actually invested. But the EIB's role is not simply to provide long-term finance but also to stimulate lending by others (the Bank's own participation being limited normally to 50% of the cost of a project's fixed assets), especially in the Community's less-privileged regions.

Financing projects which encourage regional development is the EIB's prime sphere of action in fact. As a result, much of the Bank's lending is concentrated in those member states with the most acute regional problems. Last year EIB loans in support of regional development projects came to ECU 3,300m. and accounted for nearly 60% of total financing within the Community. Projects in Italy received ECU 1,700m., or roughly half the funds for regional development, followed by France (ECU 650m.).

Another important EIB objective is helping the Community meet its energy targets. Last year EIB loans for developing the Community's indigenous energy resources rose to nearly ECU 1,500m., an increase of 20% over 1984. They were provided mainly in support of eight nuclear power stations and the exploitation of oil and gas deposits. Again, the principal beneficiary, with nearly ECU 900m., was Italy, followed by the U.K. (ECU 660m.).

Industrial modernisation and the development or introduction of advanced technology is another major EIB objective. Loans for advanced technology totalled ECU 40 million in 1982; by last year they had risen to ECU 325m., and included ECU 26m. for five projects in the field of health. Among them is a project to develop new, more effective and less toxic antibiotics and cancer treatment agents.

Most of the funds lent by the Bank are raised on the capital markets of not only the Community itself but also non-member countries and on international markets. As the EIB operates on a non-profit making basis, its lending rates are very close to its borrowing rates.

* 1 ECU = UK£ 0.68 or IR£ 0.76.

ENVIRONMENT: Preparations for the 1987 EYE are underway

Next year March 21 will, as always, be the first day of spring. But it will also mark the start of the European Year of the Environment (EYE). Over the following 12 months exhibitions, competitions and talks will be organised throughout the 12-nation European Community. The European Commission, which will orchestrate the whole affair, has already announced the highlights of the year-long programme. The details should be available from October onwards.

The aim of the European Year of the Environment is to inform Europeans of the problems of pollution and environment protection, and convince them, whatever their age or profession, that they can help make Europe cleaner.

Four broad themes have been chosen: the need to respect the environment and natural resources to improve the quality of life; the contribution that "ecological" investments can make to economic growth and job creation; the addition of an "ecological" dimension in all industrial, agricultural and social activities and, finally, the "international challenge" which safeguarding the environment represents for the European Community.

The Commission is undertaking a series of activities in order to create a greater awareness of environmental issues. It has an ECU 3 million* budget for this year and is seeking ECU 10m. for 1987 from the EC Council of Ministers and European Parliament, who hold the purse strings. Money will also be needed for the following year, as the European Year of the Environment ends in 1988.

But businesses, municipalities, regional and other organisations are expected to finance numerous activities. Gifts will therefore be very welcome. The European Commission in fact has associated a number of bodies, including those representing employers and trade unions as well as environmental organisations, with the preparations for next year.

In each Community country a national committee will be responsible for the events to take place on its territory. The U.K. committee is headed by Sir Peter Harrop, the Irish by Dr Yvonne Scannell.

Broadcasting organisations in the 12-nation Community are preparing special programmes and environmental courses are to be offered to students, employees and heads of companies.

* 1 ECU = UK£ 0.68 or IR£ 0.76.

TOURISM: Twelve ways of spending one's holidays

The Dutch lead the way when it comes to camping holidays, as befits fervent lovers of the countryside. The Greeks, with the sea in their veins, head for the beaches. The British and Belgians prefer sedentary holidays, while the Danes and Luxembourgers are constantly on the move.

The European Commission's survey of how the European Community spends its holidays has confirmed some stereotypes and unearthed less well-known aspects of holidaying in Europe.*

The sea is the favourite destination for all Community holidaymakers, except the Dutch. It attracts 70% of the Greeks and over 60% of the Portuguese and Luxembourgers. The Dutch favour the countryside (39%), although over two-thirds of German and Danish holidaymakers are also drawn to it.

Many feel cities to be unsuitable for holidays. Even so, in 1985 as many as 40% of Danish holidaymakers were drawn to cities - along with 37% of the Irish, 27% of Spaniards and over 15% of holidaymakers from other countries. Only the Belgians firmly turned their backs on cities; as few as 5% of them went there on holiday. The mountains, on the other hand, attracted some 30% of Dutch, Germans and Luxembourgers but only 8% of the Irish and Portuguese.

Some three-fourths of all European holidaymakers spent their entire vacation at one place; as many as four-fifths of the British and Belgians stayed put. But nearly 40% of the tourists from Denmark and Luxembourg were continually on the move.

Most tourists put up at hotels, the favoured form of accommodation for tourists from eight of the twelve Community countries, especially Luxembourg and Germany. The Dutch, however, prefer to camp or take their homes with them, in the shape of caravans. The French, Spanish and Portuguese stay with relatives or friends.

Over two-thirds of European holidaymakers took their car with them. As many as 81% of the French did so - as compared to less than 60% of the British, Irish and Danes. Many British and Irish holidaymakers left for their destination by air, while 25% of the Greeks took to the sea in boats.

* See Eurofocus Nos 28 and 29/86 for earlier stories on European holidaymakers.