

SUMMARY

- P. 2 JOBS: Community-wide action programme against unemployment this year
But fears and uncertainty as to its scale remain.
- P. 3 HEALTH: 75 ways of fighting cancer
From measures to discourage smoking to scientific research.
- P. 4 ENERGY: Security of supplies - thanks to Norwegian gas
Four contracts for 450 billion cubic metres, to run till 2020.
- P. 5 ENVIRONMENT: Commission looks to ways of combatting the "greenhouse" effect
The Commission's reflections on disturbing forecasts by the experts.
- P. 6 TRADE: Solving trade disputes in the EC/US/Japan triangle
The European Commission organizes two mini-summits on trade issues.
- P. 7 BOOKS: A fit subject for VAT?
European publishers want books to be zero-rated throughout the Community.
- P. 8 ENVIRONMENT: A timely "European Year"
Year-long activities will highlight environmental protection.
- P. 9 HEALTH: Fighting cancer through higher taxes on tobacco?
Table shows by just how much taxes on cigarettes vary from country to country.

JOBS: Community-wide action programme against unemployment this year

The 12-nation European Community is to step up the fight against unemployment this year. With an estimated 16 million jobless, it could hardly be otherwise. The political impetus to act more decisively has come from the European Council. When the 12 heads of state or government met in London in December, they stressed the importance of Community action on jobs, and called on their employment ministers to adopt an action programme based on the priorities they had established.

The ministers did just that when they met in Brussels. Their action programme commits the Twelve to working together to promote new business and employment growth; foster more efficient labour markets; provide better training for young people and adults and help the long-term unemployed back into jobs. Proposals for implementing the 40 or so measures the programme envisages - by the Community or, when appropriate, the member states - are to be sent to the Twelve before May.

The employment ministers made clear, however, that (1) primary responsibility for measures to deal with unemployment rests with the member states and (2) a significant fall in the number of jobless requires faster economic growth. The European employment commissioner, Manuel Marin, in fact expressed the Commission's fears that ad hoc measures to fight unemployment would not succeed in the absence of genuine economic growth.

The Commission Vice President also supported those employment ministers who had stressed the need for the projected action programme to be adequately funded. Without proper funding, the Community's credibility would be at stake, he told ministers. The latter expect the programme to be financed out of the existing resources, however.

A key element of the programme is the help to be given small and medium sized enterprises, including cooperatives and local employment initiatives. The programme also provides for the removal of obstacles to the development of (1) new forms of work, such as activities which fulfil a public need, and (2) part-time and temporary work.

The European Commission has been asked to submit proposals for training programmes for young people and adults, as well as for the long-term unemployed, on a priority basis. These programmes must involve trade and industry on a wider scale and contain special provisions for the disadvantaged and disabled.

HEALTH: 75 ways of fighting cancer

The European Community's fight against cancer will gain momentum this year, thanks to the programme of 75 measures put forward by the European Commission last month. This 3-year programme, which combines prevention, information and research, will end with the European Year of Information on Cancer in 1989.

European experts estimate that the mortality rate for cancer can be reduced by 15% by the year 2000 if the Twelve join forces. The Commission's action programme gives priority to prevention, which is the aim of some two-thirds of the measures it contains.

The Commission wants to fight on three fronts: tobacco, food and dangerous occupations. The main target is tobacco, which accounts for one-third of the deaths from cancer in the Community. The Commission is asking the Twelve to raise taxes on tobacco so as to bring them into line with the highest rates in the EC. It also wants a ban on cigarettes with a high tar content and an end to the sale of cigarettes and other forms of tobacco at duty free shops on boats, airplanes and at airports.

The Commission has already asked experts on nutrition to draw up recommendations on what to eat - fruit and vegetables - and what to avoid - fats. It also wants foods labelled so that housewives know the contents and nutritional value of what they are buying.

The Commission has proposed measures aimed at preventing occupational cancers, which result from contact with dangerous chemicals, such as asbestos and benzene.

The Commission envisages a number of major information campaigns, aimed at persuading Europeans to modify their habits in order to reduce the risk of cancer. A European health guide is to be published shortly as part of the fight against cancer.

The action programme attaches a good deal of importance to early detection and diagnosis, the training of medical personnel and, above all, to research. It was prepared by an expert committee drawn from all 12 member states, including Britain's Professor N. Bleehen and Dr. M. Moriarty from Ireland.

The European Commission hopes the EC Council of Ministers will adopt the programme in May.

ENERGY: Security of supplies - thanks to Norwegian gas

The European Commission is unlikely to run short of natural gas for the next 30 to 35 years. Between 1993 and 2020 Norway will supply 450 billion cubic metres of it to four Community countries: Belgium, France, Germany and the Netherlands. The last supply contract, the French, was signed last month.

This marks an "unprecedented stage in the development and supply of natural gas to the Community", according to the European Energy Commissioner, Nic Mosar.

Since the 1973 oil crisis, the EC has increasingly relied on natural gas, which now covers 18% of its energy needs, as against 9% in 1971. Last year consumption reached a record level of 181 million tons of oil equivalent.

The Community itself is an important producer, especially in the Netherlands. Even so, one third of its requirements were met by imports last year. And imports will account for 40% of consumption in 1990, although this should fall to 36% by the year 2000, according to the Commission.

The Community normally obtains its supplies from Algeria, Norway and the Soviet Union. The three supplied 16%, 22% and 21% respectively of EC imports. Thanks to the new contracts, Norway will supply over 26% of Community imports in the year 2000. The gas will come from two North Sea fields which have not been tapped as yet, Sleipner and Troll. The Norwegians wanted to tie up their markets before investing the massive sums that are required to bring these fields on stream.

A new pipeline, some 1,100 kms. long, will link the two fields to the Belgian port of Zeebrugge, and thence to the European network. For the moment three Community countries - the U.K., Ireland and Spain - are not linked to this network. The Commission hopes the Norwegian contracts will lead to Britain and Spain joining the network linking the other Community countries.

ENVIRONMENT: Commission looks to ways of combatting the "greenhouse" effect

Life in the 21st century is likely to be more risky, because of changes in the world's climate, leading to the flooding of low-lying coastal regions and the desertification of what are still fertile lands. These are not the morbid prophecies of a latter-day Nostradamus but the firmly established consensus of scientists, who expect the increasing concentration of the so-called "greenhouse" gases, notably carbon dioxide, to produce significant climatic changes during the next century.

Some 60 European and American scientists recently attended a symposium on climatic changes resulting from the "greenhouse" effect. The fact is that the Community recently adopted a programme of research in the field of climatology, and the 2-day symposium, organized by the European Commission, was expected to throw up guidelines for future Community research. It seems to have done much more, however, by underlining the need to prepare the ground for preventive or corrective measures without further delay.

The "greenhouse" effect arises from the accumulation of carbon dioxide in the atmosphere, because of the widespread use of fossil fuels, such as coal, oil and gas. As carbon dioxide is not transparent to infrared radiation, the heat emitted by the earth's surface cannot escape into space easily. As a result of this global warming the sea level could rise by 20 to 165 cms., while changes in rainfall and in soil moisture could lead to shifts in the areas of agricultural production - as may already be happening in the countries of the African Sahel.

The scientists pointed to their inability to predict regional patterns of climatic change as yet. It is vital, however, for the Community to know whether or not changing precipitation patterns will usher in periods of prolonged drought, for example. Hence the suggestion that research be intensified in order to reduce the remaining uncertainties as quickly as possible, identify the most vulnerable areas and develop techniques for assessing the impact of climatic change, at the regional level, on both sensitive sectors of the economy and society at large.

Remedial measures that could be taken would include energy conservation, a shift away from fossil fuels towards renewable energy sources and nuclear energy, which seems to be free of by-products likely to have a negative effect on the climate. Positive measures would include reforestation, better management of water resources, improvement of agricultural techniques and soil protection.

TRADE: Solving trade disputes in the EC/US/Japan triangle

The golden triangle in world trade is made up of the 12-nation European Community, the United States and Japan. Together they accounted for over half the world exports in 1985, while their 2-way trade with each other amounted to 12% of world trade. Disputes between them are inevitable, therefore; and given the sheer size of the protagonists can quickly assume alarming proportions. The European Commission President, Jacques Delors, recently urged the EC and US to "present to the world another image than that of two elephants fighting and crushing other animals".

President Delors was speaking to the press at the end of a ministerial level meeting attended by the Commission President and a number of his colleagues, and no fewer than four of President Reagan's cabinet, led by the Secretary of State, George Shultz. The day before, the External Relations Commissioner, Willy De Clercq, had led a team of his colleagues in talks with a trio of Japanese ministers, headed by Tadashi Kuranari, the foreign minister.

Trade issues inevitably dominated the two mini-summits; and while neither of them came anywhere near resolving any of the key points of discord, both helped clear the air. Simply by meeting with the European Commission, which has a major role in formulating Community trade policy, Americans and Japanese demonstrated the political importance they attach to their relations with the Community. Both also tried to keep their trade disputes in perspective, as they made clear when talking to the press.

The U.S. Secretary of State, George Shultz, pointed out that 2-way US/EC trade amounts to some \$120 billion; their 2-way investments to \$200 billion, and general sales of \$700 billion annually. The Japanese trade minister, Hajime Tamura, took the view that the EC/Japan trade disputes arose from the fact that their 2-way trade was relatively small. "We're discussing how to share out a small cake. Why not work to increase the size of the cake?" he asked.

Both Minister Tamura and Commissioner De Clercq underlined the progress they had made towards resolving a number of outstanding issues. Mr De Clercq recognized that the necessary changes in Japanese production structures and mentality will take time; but the quality of the Japanese delegation indicated a readiness to improve relations. The brief EC/US ministerial meeting could not be expected to make much headway with long-standing problems. But, as Mr De Clercq noted, both sides wanted an agreement. And both rejected protectionism as self-defeating.

BOOKS: A fit subject for VAT?

Once the 12 European Community countries have become a genuine common market, they will have to harmonize their VAT rates. But what fate awaits the book trade? At their press conference last month the EC Book Publishers Group called for books to be zero-rated for the purpose of VAT, as is already the case in the U.K., Ireland and Portugal.

But more than one Community finance minister will view the Group's demand with jaundiced eye. The fact is that in several member states VAT is levied at rates of up to 22%. Moreover, a similar problem could arise in the case of newspapers and magazines.

The following table gives the VAT rates currently being applied:

<u>Country</u>	<u>Dailies (%)</u>	<u>Periodicals (%)</u>	<u>Books (%)</u>
Belgium	0	0	6
Denmark	0	0	22
France	2.1	4	7
Germany	7	7	7
Ireland	10	23	0
Italy	0	2	2
Luxembourg	6	6	6
Netherlands	6	6	6
Portugal	0	0	0
Spain	6	6	6
United Kingdom	0	0	0

Greece is absent from the above table as it has not yet introduced VAT. A British government proposal to tax books was defeated last year by the country's publishers. Now publishers throughout the Community are claiming that books should be exempt from VAT, on the grounds that as a basic cultural and educational tool they must be within the reach of everyone.

Some 200,000 titles are published each year in the 12-nation Community. They number over 47,000 in Germany alone, which is far more than the 41,000 published in the United States. British publishers manage 33,000 new titles each year, the Spanish nearly 20,000 and the French 12,000.

ENVIRONMENT: A timely "European Year"

March 21 will mark the start of the European Year of the Environment, nearly a year after Chernobyl and a few months after Basle. But Europeans were concerned about the environment long before these two ecological disasters, as is clear from the results of a survey carried out in the 12-nation European Community and presented to the press last month by Stanley Clinton Davis, the European Environment Commissioner.

The survey, the second of its kind, was conducted last spring, when some 12,000 persons were interviewed. It indicated far greater concern for the environment than the earlier survey in 1982, with Europeans now complaining of atmospheric pollution, the quality of drinking water in their town or village and a landscape which has become uglier. But there were fewer complaints over noise and open spaces compared to 1982; Europeans today seem more concerned about the ecological problems of their country, the disappearance of certain animal species and the exhaustion of the world's natural resources.

Some 72% of those polled saw environmental protection as "an urgent and immediate problem"; this figure rose to 80% in Italy, Greece, Luxembourg and Germany. Another 22% felt the environmental problem would arise in the future, while 3% believed there was no problem at all. Even in France and Ireland, the majority saw the problem as an urgent one, although at 56% it was the smallest majority in the Community.

The dumping of dangerous chemical products by factories was regarded as the biggest threat to the environment everywhere in the Community. But in Portugal, Italy and Ireland people were more concerned with the litter to be found in public places.

Europeans were dissatisfied with official attitudes to environmental problems. Only 19% of those polled felt the authorities were dealing with them effectively. Some 47% thought their action was largely ineffective, while 16% believed the authorities were doing nothing at all. Clearly the European Environment Year, with its programme of 65 activities and ECU 10 million* budget, is very timely.

* 1 ECU = UK£ 0.74 or IRL 0.76.

HEALTH: Fighting cancer through higher taxes on tobacco?

The fight against cancer is also an attack on a way of life which holds that it is smart and sophisticated to smoke and drink. In European countries tobacco is responsible for 15 to 30% of all cancers and it accounts for about 80% of lung cancers. In the United States some 30% of all deaths from cancer have been attributed to smoking.

But the combination of tobacco and alcohol is an almost certain recipe for cancer of the mouth and the oesophagus, according to reliable studies. When taken together, they account for 75% of all cancers of the mouth. Alcohol alone is responsible for 38% of all cases of cancer of the oesophagus; but drinking and smoking push this figure up to 70%.

Not surprisingly, the Ad Hoc Committee of experts on cancer, set up by the European Community Council of Ministers, agreed early last year on the need for research to find out the most suitable methods of educating children against the use of tobacco. It also called for a strategy aimed at discouraging the sale of tobacco.

The following table, based on a study carried out in the 12 member states last April, shows taxes as a proportion of the retail price of popular brands of cigarettes:

The price of a packet of 20 cigarettes in EC countries (in ECU*)

	Retail price	Taxes	Taxes as a percentage of the price
Denmark	3.16	2.76	87
Ireland	2.54	1.88	74
United Kingdom	2.35	1.76	75
Germany	1.77	1.30	73
Netherlands	1.36	0.97	71
Belgium	1.24	0.87	70
Italy	1.02	0.73	72
Luxembourg	0.97	0.65	67
France	0.68	0.51	75
Portugal	0.73	0.50	69
Spain	0.73	0.38	52
Greece	0.43	0.26	61

* 1 ECU = UK£ 0.63 or IRL 0.71 (April, 1986)