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S U M M A R Y

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Commission of the European Communities,
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Tel. 2351111 - Telex 21877 COMEU B

ECONOMY: Less growth, more unemployment than forecast earlier

The European Commission revises its forecasts for 1987 downwards.

A rise of 2.3% in the European Community's Gross Domestic Product (GDP) and an employment rate of 11.8%: these are the European Commission's latest forecasts for 1987 and they are less favourable than those of last October, when the Commission forecast a 2.8% rise in GDP and an unemployment rate of 11.7%. Not surprisingly, they have led the Commission to call for greater coordination of the economic policies of the Twelve, in application of its cooperative growth and employment strategy.

The international economic climate has proved less favourable to the Community in recent months than the Commission had expected last autumn. The dollar has fallen more rapidly than forecast and world trade has slowed down, with unfavourable effects for the Community's exports and investments. Hence the Commission's revised forecast of a 2.3% growth rate for 1987. It considers even this optimistic, given the continuing threat to the world economy. Should the forecast prove correct, unemployment will do no more than stabilize at close to last year's level of 12%, which the Commission continues to regard as "unacceptable".

It feels strongly that the cooperative growth strategy which it put forward in 1985 and again last year is more valid than ever. Demand must be stimulated in those EC member states where economic conditions are favourable, and notably in Germany, in the Commission's view.

But if unemployment is to fall, the economy must grow at a much faster rate, which implies increased investments by European firms. The Commission therefore is asking trade unions and employers organisations in each of the 12 member states to engage in, or strengthen, the kind of dialogue it has launched with them at the Community level.

The Commission would also like the Parliaments in the 12 member states to pay greater heed to Community's recommendations when they debate their national budgets. To this end, it plans to send the governments of the Twelve a detailed report in July.

VAT: A far from perfect customs union

Customs officials tax the contents of a small parcel ... and the stamps on it.

Belgian customs officials know how to take care of the pennies. They recently opened a small parcel containing a tablemat embroidery kit, worth about £6, mailed from France. They promptly charged VAT (at 19%) on both the kit and the 15 shillings' worth of stamps on the parcel.

The operation, which netted about 15 pence, prompted a Belgian Euro-MP to ask the European Commission what measures it could take to end such "typical examples of bureaucracy".

But there is little the Commission can do. Governments have the right to levy VAT on imported goods as well as their transport costs. However, to end the "vexatious formalism" she described, the European Community allows member governments to grant VAT-free entry to goods valued at less than ECU 22*. But Belgium has refused this possibility.

* 1 ECU = UK£ 0.75 or IR£ 0.78.

VAT: Taken for a ride?

There is no frontier-free European Community for taximen.

Taxis plying between two European Community countries could find themselves paying VAT twice over, as in the case of taxis crossing over from Spain into France. They must pay VAT in both countries, a practice which has led a Spanish Euro-MP to ask the European Commission "whether paying VAT twice is in keeping with Community law".

The latter has pointed out that every Community country has the right to tax that part of the journey carried out on its own territory. However, this should not result in double taxation, although this would seem to be the case for taxis leaving Irgun for France. The Commission therefore is looking for a solution to this particular problem.

DEVELOPMENT AID: Desertification, famine and refugees

The European Parliament discusses the priorities for Community aid to developing countries.

Fight famine, stop the desert's remorseless advance and help the refugees fleeing hunger and oppression: these should be the European Community's priorities in its aid to developing countries, according to both the European Parliament and the European Commission. Both also believe that non-governmental bodies, including charities, have an important part to play.

This was brought out very clearly during the recent debate in the European Parliament on aid to developing countries. It was also underlined in the resolutions voted by the Euro-MPs and in Commissioner Lorenzo Natali's address to them.

In a resolution on the fight against hunger, Parliament stressed the need to make developing countries self-sufficent in food. It took the view that while governments in the Third World must adopt the policies needed to this end, the EC and its member states must, for their part, meet the international aid target of 0.7% of their Gross National Product.

The resolution called on the Community to give extra aid to countries which have an effective rural development policy, and on the Commission to control more closely the transport of food aid.

A resolution on desertification would require all development projects to take account of the need to protect the environment and natural resources. The Euro-MPs also called for a special programme aimed at finding substitutes for fuel wood. The European development commissioner, Lorenzo Natali, stressed the need to alert populations living in areas threatened by desertification to the importance of environmental protection.

As for aid to refugees living in developing countries, Parliament asked the Community to intensify its activities in favour of refugees from South Africa, Afghanistan, Sri Lanka and the western Sahara.

Another resolution underlined the important role of non-governmental organisations in helping developing countries, and asked that more Community aid be channelled through them. At present only 3.2% of the EC's development aid budget is spent on their projects and it represents just 10% of their resources.

EDUCATION: Universities begin to take on a European colouring

Ten years of study programmes and visits ... while awaiting ERASMUS.

More than 500 universities and higher educational institutions in the 12 European Community member states have been able to work together and run joint study programmes since 1976, thanks to the Community's financial aid. For the 1986/87 academic year the European Commission made some 600 grants, for a total of nearly ECU 2.2m.*

The Community's action programme for inter-university cooperation has enabled numerous institutions of higher learning throughout the EC to be more European. Even so, the programme has been limited as regards its ambitions, means and the numbers reached.

The European Commission looks forward, however, to a surge in inter-university cooperation with the adoption, shortly, it hopes, by the Twelve of ERASMUS, the European Community's action scheme for the mobility of university students.

The present action programme has two facets: joint study programmes and short study visits. In the first case the Community helps higher educational institutions in the different EC countries jointly to develop study courses.

The Community's contribution to the development of joint study programmes amounts to a maximum of ECU 4,000 for programme development and ECU 10,000 for student aid, travel and subsistence costs during the first year. If the grants are renewed, the maximum amount is ECU 10,000 under each of the two heads.

In a little over 10 years the Commission has financed 586 study programmes. Of over 3,600 applications received, fewer than 2,000 could be awarded grants. British and French universities have participated in the largest number of programmes. Engineering, technology and computer sciences have been in the lead, followed by political science, economics and history, with languages in third place.

As for short study visits, the Community's aid is limited to a maximum of ECU 1,500 per study for a visit of not more than four weeks. These grants are reserved for the teaching, research and administrative staff. Just over 1,100 grants have been awarded since 1977, although the number of applicants exceeded 4,400.

Applications for 1987/88 must be sent to the Office for Cooperation in Education, 51 rue de la Concorde, B-1050 Brussels, before April 1 for the joint study programmes and before May 15 for study visits.

* 1 ECU = UK£ 0.75 or IR£ 0.78.

POST-CHERNOBYL: Checking for radioactive foodstuffs

The Twelve agree to maintain present limits for radioactive contamination until October 31.

The ministers of the twelve European Community countries agreed recently to retain until October 31 the limits on the radioactive contamination of foodstuffs adopted shortly after the nuclear accident at Chernobyl last spring.

The maximum levels therefore remain 600 bequerels/kg. for most foodstuffs and 370 bequerels/kg. for milk and infant food. The member governments cannot authorize imports containing higher levels of radioactivity. As for Community exports to the rest of the world, they do not qualify for export refunds if these levels are exceeded.

A Council decision was necessary, as the post-Chernobyl regime was due to expire on February 28. In October, the Twelve in principle will have to set long-term limits. The Commission will submit its detailed proposals later this year. Meanwhile, it plans to take further scientific advice, notably at a special symposium to be held in Luxembourg in April 27 to 30.

WORK: More and more women are entering the labour market

A European phenomenon with regional variations.

Between 1977 and 1985 the number of women at work, or looking for a job, rose by roughly 15% in the European Community. This was well above the growth rate for the total population of the 12-nation Community. The following table was prepared by the European Commission in reply to a Parliamentary question:

Women in the total working population

(Annual average - in thousands)

Country	1977	1984	1985
Belgium	1 447	1 653	1 663
Denmark	1 089	1 269	n.a.
France	8 819	9 893	10 000
Germany	9 988	10 640	10 771
Greece	1 011	1 320	n.a.
Ireland	321	386	n.a.
Italy	7 013	8 132	8 249
Luxembourg	48	54	n.a.
Netherlands	1 455	1 965	2 024
Portugal	1 616	1 856	1 875
Spain	3 794	4 056	4 164
United Kingdom	9 992	10 852	11 138

n.a. = not available.

TRANSPORT: A common market for bus and coach services

The European Commission wants passengers to have more choice when travelling by road.

A truly European common market for bus and coach operators is the ambitious goal the European Commission has set itself. Last month it set off down this particular road with its proposals for two new regulations. The first will liberalize transport between two or more member states, the second will open up their internal markets to non-resident carriers.

At present, all passenger traffic originating in one member state can normally be served only by operators from the state in question. All existing regulations are based on this principle, which is not set down anywhere and is contrary in fact to the freedom of movement of individuals and services guaranteed by the Treaty of Rome, the European Community's "constitution".

A 1983 judgement of the European Court of Justice held this situation to be inadmissible; it stated that freedom to provide services anywhere in the Community must be assured within a reasonable time. The issue is even more pertinent today, given the rapid expansion in bus and coach travel in the Community, thanks to its greater comfort and more attractive fares.

The changes the Commission is proposing to the existing regulations for transport between two or more EC countries will allow an outward journey without passengers in order to collect a group in another country, eventually at more than one point. They will also make it easier to organise excursions in the country of destination, even while reducing paperwork.

To improve safety, the Commission wants a timetable of drivers' hours and rest periods to be made an integral part of control documents, and the inspection powers of the competent authorities widened.

As for internal transport (cabotage), the Commission wants it opened up to operators established in another member state by eliminating all restrictions on grounds of nationality or place of business. This liberalisation probably would not affect regular services, but could open up occasional services, according to the European Commission.

ENERGY: 1986, a sluggish year for coal

Output up 5% but 19% fewer miners.

Coal production in the 12-nation European Community was up slightly and imports down slightly in 1986. This did not prevent employment in the industry falling by more than 10%, however. Economic conditions simply were not favourable to the coal industry last year, as the Community's statistical office, Eurostat, has underlined in its annual report.

Falling oil prices and a falling dollar, the currency in which oil prices are fixed, made petroleum products more attractive to users, at the expense of other fuels, such as coal. The European steel industry's difficulties reduced demand for coal even further.

The 5% rise in coal production last year was due almost entirely to the recovery of output in the U.K. after two lean years - 1984 and 1985 - marked by the miners' strike. But for this rise coal production in the Community would have declined last year in relation to 1985.

With nearly 230m. t., Community coal production last year was higher than in the two previous years. Even so, it was well below the 1973 figure (nearly 280m. t.) and even that for 1980 (some 260 m. t.).

Employment underground continued to fall. The number of miners in the Community as a whole was down 10.2% last year to 281,000, as against 312,800 the year before. In a single year the mining industry lost 18.3% of jobs in the U.K., 17.4% in France, 5% in Belgium, 2.4% in Spain and 2% in Germany.

The fall in output recorded in most Community countries was not at the expense of imports from non-Community sources, which in fact fell by nearly 4% for the 12-nation Community, to stand at just under 95 m.t.. But even this was far above the 30 m.t. imported in 1973 and even the 70 m.t. of imports in 1980.

Consumption rose very slightly in the Community's coal-fired power stations, although it fell in France and Belgium because of increased output from their nuclear power stations. The rise was especially sharp in the Netherlands and Portugal.

R & D: The Big Three and the others

Britain, France and Germany ... champions of national spending ... and reluctant Europeans.

Three countries account for over 80% of all spending on R & D by national bodies in the 10-nation European Community (the EC less Spain and Portugal, its newest members). They are Britain, France and Germany, the three countries whose ministers have held up the adoption of the EC's 1987-91 Framework Programme for research for several months now.

Pure coincidence? Probably not. The Big Three have been highly critical of the Framework Programme precisely because it will cost too much, they claim.

The European Commission has drawn up a table which shows the total spending by each Community country on R & D. It was prepared in reply to a question by a British Euro-MP, James Elles, and it shows total spending, both civil and military, by national and state governments, companies, universities and non-profit organisations:

National expenditure on R & D, 1982-84

(in billion ECU*)

Country	1982	1983	1984
Belgium	1.24	1.33	1.39
Denmark	0.62	0.69	0.77
France	11.23	12.19	13.64
Germany	17.38	18.94	20.59
Greece	0.09	0.10	0.13
Ireland	0.13	0.14	0.15
Italy	3.71	4.75	5.24
Netherlands	2.79	3.02	3.15
United Kingdom	11.56	11.62	12.80
TOTAL EC-10	48.74	52.77	57.76

* 1 ECU = UK£ 0.75 or IR£ 0.78.

The European Commission has proposed that the Community budget ECU 7,700m. for financing the various Community R & D programmes, from ESPRIT (information technologies) to the fight against AIDS, for the period 1987-91. At the February meeting of the EC's research ministers the European Commissioner for scientific research, Karl-Heinz Narjes, pointed out that this sum was less than 2% of the estimated total public and private spending on research in the 12 EC countries over the same period. It was less than half the expenditure budgetted by IBM.