

Eurofocus

A NEWSHEET FOR JOURNALISTS • REPRODUCTION AUTHORIZED

No 41/80

BRUSSELS, December 8, 1980

Week of December 1 to 6

ECONOMY: Predictions for 1981

- In its annual report for 1980-81, the European Commission indicates that the nine members' industrial production, after having suffered a sharp decline this year, should progressively improve during 1981. The increase in consumer prices, which has been put at about 12 per cent for 1980, will probably drop again below 10 per cent in 1981. And the balance of payments should also be reduced.

On the other hand, the level of unemployment, which afflicts more than 6 per cent of the Community's working population, could hit nearly 7 per cent next year.

Better prospects for industrial production have also been confirmed by a poll conducted on business leaders in the different Community member countries. For the first time in a year, these top executives displayed optimism on this subject.

S U M M A R Y

- ENERGY : p. 2 The safety of nuclear reactors under study
TEXTILES : p. 3 ~~The fight~~ against unfair competition
SOLIDARITY : p. 4 EEC aid for Italian earthquake victims
AGRICULTURE : p. 5 Further reductions in the Community vineyards
COMPETITION : p. 5 For the free circulation of pharmaceutical products
CLOSE-UP : p. 6 The European presence in the world

On the ever-changing international scene, the Nine have on a number of occasions made their strong and unanimous voice heard...

This newsheet is published in six languages (English, French, German, Dutch, Italian and Danish) by the Directorate-General for Information of the

Commission of the European Communities,
Rue de la Loi 200 - 1049 Brussels Belgium
Tel. 736 60 00 - Telex 21877 COMEU B.

Its contents do not necessarily reflect the official views of the Community institutions.

Editor Will J. Reckman



ENERGY: The safety of nuclear reactors under study

The accident and near-tragedy at the Three Mile Island nuclear power plant in the United States is still producing some fallout. Throughout the world this mishap revived the confrontation between partisans and opponents of nuclear power. It also allowed authorities to be made aware of the fact that security precautions then in effect were insufficient and that new measures would have to be taken to prevent future accidents.

In reaction, the European Commission in May 1979 decided to constitute a group of experts in nuclear safety matters and charged it with advising the Commission on security problems inside the European Community and make recommendations concerning possible new Community initiatives in the search for greater safety.

The four experts named to this group recently presented the report summarizing their studies. This report contains a large number of recommendations addressed sometimes to the national authorities or the operators and builders of nuclear power plants and sometimes to the Commission. The suggestions concern such diverse subjects as the criteria for security, power plant personnel, information relating to accidents, emergency plans, the management of research inside the Community and others.

This report is currently in the hands of various European Community institutions. It is expected to be followed by new actions in the coming few months. In addition, European authorities have been preoccupied for years by this problem. As a result, the research projects currently underway at the EEC's Joint Research Centre in Italy includes one known as "Super SARA" which studies the behaviour of the combined combustible components used in nuclear reactors in possible accident situations.

Super-SARA is one of a complex of complementary projects undertaken by either the European Community Member States or the United States aimed at obtaining a maximum of information on the possible consequences of such accidents. Among these consequences, Super-SARA is especially examining the damage to the combustible materials and the release of fissionable materials.

The European Commission has also just addressed a report on the execution of the first phase of the Super-SARA project to the Council of Ministers. The Council will have to decide soon on the continuation of this programme and release the funds required for its pursuit.

TEXTILES: The fight against unfair competition

As if the increased competition the European textile industry is facing from developing countries were not enough, there has also been a rapid surge in sales of synthetic fibres from the United States. The impact of this competition has already been severely felt by firms and workers in a number of European Community countries, especially the United Kingdom, France and Italy, where markets and jobs have been reduced by this invasion. The threat is magnified by the fact that these products benefit from what in many cases may be an unfair price advantage over their European rivals.

First of all, these products are made at the start from petro-chemical processes that benefit from the lower controlled prices for oil and natural gas in the United States. As a result, these synthetic fibres, such as polyester yarn and acrylic fibres can be lower-priced than their European counterpart. In addition, a number of them are also sold below their actual cost price, a practice condemned as unfair dumping by international trade regulations.

The European Community has sought in recent months to stem this incoming tide through a variety of means at their disposal without resorting to general protectionist measures. Instead, it has consulted carefully with the United States administration, the American firms involved and within the international trading system under the General Agreement on Tariffs and Trade (GATT) in Geneva. Investigations into specific cases have revealed that some of these products were in fact being dumped at unfairly low prices on the EEC market. When such findings were made, the EEC authorities sometimes obtained agreements from the companies themselves to raise their prices or else adopted a special anti-dumping tariff that nullified the unfair price practised by the US firms. Such a tariff is permitted under the international trade rules. There is also a constant dialogue and review by the EEC authorities and the industries and Governments involved to avoid the trade disruption evident in the past.

So that EUROFOCUS may be better adapted to your needs, please do not hesitate to let us know your criticisms or suggestions. If you publish articles from our service, we would appreciate receiving a tearsheet or copy. Thanks.

SOLIDARITY: EEC aid for Italian earthquake victims

The European Community has rushed to the aid of the victims of the recent earthquake which devastated parts of Southern Italy. Following the expression of "strong sympathy and solidarity" made by the EEC Heads of State and Government who met in Luxembourg, December 1 and 2, the European Commission announced that in addition to emergency aid for the region, it would undertake exceptional measures of assistance to the work of reconstruction of the afflicted areas.

The announcement was made in Brussels, December 4, by the outgoing President of the European Commission, Roy Jenkins. Mr. Jenkins indicated that such EEC aid for reconstruction efforts would take the form of interest rebates of 3% on loans of about £548,8 million granted by various financial instruments of the Community.

As such, the Community has opened a new budgetary line in the EEC's 1980 budget for a total of £10,97 million in the first year, covering the cost of the 3% interest rebate on the first tranche of the loan. The amount paid out in interest rebates by the Community budget over the whole period covered by the EEC loans is expected to total about £104 to £109 million.

Action has also been taken by the Community on the emergency front. Aid worth £820,000 was granted immediately after the earthquake as a preliminary EEC contribution to help the Italian Government meet the region's immediate and urgent food and material requirements. This is to be supplemented by further aid worth £21,95 million to be granted to the Italian Government. The use of this aid will be determined by the Italian Government itself but is expected to focus on the immediate provision of transport and temporary housing. It will also cover the costs of 15,000 tonnes of cereals, 1000 tonnes of meat and 900 tonnes of olive oil which the Community has already indicated its willingness to supply.

Jenkins noted that "nothing can make up for the human and material losses so tragically suffered by the people of the afflicted area. The Community and the Commission wish by the actions we are proposing and taking to demonstrate our feelings at this difficult time and to bring immediate relief of the needs of the population, in addition to the contributions of national governments".

AGRICULTURE: Further reductions in the Community vineyards

Some headway is slowly being made in absorbing the costly and widely-publicised "lake" of surplus wine in Europe. That doesn't mean that drinking habits are changing, but it does mean that some of the various measures applied by the European Commission in recent years are beginning to pay off.

In its annual report on the situation in the Community vineyards which has just been released, the Commission expresses satisfaction with the first results of these efforts. The area devoted to wine grape production had been steadily reduced by 38,576 acres during the 1976/77 season, 56,634 acres in 1977/78, 161,710 acres in 1978/79 and some 29,640 acres in 1979/80.

Nevertheless, the total wine production has continued to increase because of the higher yields of the new crops. But this increase is only in the quality wine category rather than the ordinary table wines, whose output has been declining in recent years.

The economic picture of the wine sector is somewhat positive. The Community countries exported 670 million litres in 1978/79 and imported only 560 million and the trend has been favourable, but exports do not seem to offer enough opportunity to dry up the increasing flow.

COMPETITION: For the free circulation of pharmaceutical products

An American firm which is one of the world's largest producers of medicines and pharmaceutical products has just been fined £109,771 by European competition (antitrust) authorities. The parties involved in this case are the European Commission and Johnson & Johnson's British subsidiary Ortho Pharmaceuticals Ltd. The Commission has charged the firm with imposing export restrictions against shipment of its products to Germany, which is regarded as contrary to Article 85 of the EEC's Rome Treaty in support of the principle of unrestricted trade. A German importer had wanted to make purchases of a pregnancy-test product known as Gravindex from British pharmacists because the price was much cheaper in the United Kingdom than in Germany. Ortho had attempted to block such exports by letting it be known that they were against the policy of the company. Ortho had also reacted by ceasing to supply certain pharmacists.

The European Commission estimated that such export restrictions were clearly aimed at protecting the high level of prices in other member countries of the EEC and especially Germany against competition from British suppliers. The Commission's aim in penalising such practices was to protect the interests of European consumers.

THE EUROPEAN PRESENCE IN THE WORLD

1980 has been a year of international conflicts, political tensions and strife... from the mountains and valleys of Afghanistan, currently witnesses to Soviet aggression, to the cities of Iran and Iraq, not forgetting the refugee camps in South East Asia and the problems facing Central America. Faced with such wide-ranging problems, the European Community has been increasingly speaking with one voice in various international fora. Following tradition, the President-in-office of the EEC Council of Ministers, Gaston Thorn, presented his annual report on European political cooperation in 1980 to the European Parliament recently. Mr. Thorn referred to the major principles guiding European policy in this sector, and reaffirmed the Nine's position on the principal events of the year.

The entry of Soviet troops into Afghanistan was denounced immediately by the Nine in no uncertain terms as a flagrant interference in the internal affairs of a non-aligned Islamic country. Since then, the Community has not hesitated in calling for the immediate and unconditional withdrawal of foreign troops from Afghanistan, and expressing the hope that the country would be able to return to its non-aligned status soon.

The Vietnamese intervention in Kampuchea was also condemned in equally strong terms by the Community. On both these problems, the Community's views were similar to those expressed by the Association of South East Asian Nations (ASEAN) at the signature of the first cooperation agreement linking the Community to ASEAN.

Europe's stand on the problems in the Middle East was clearly set out at the meeting of EEC Heads of State and Government in Venice in June this year. The Nine's statement focussed on two key issues: the right to existence and security of all states in the region, including Israël, and the right to justice for all peoples, which implies recognition of the legitimate rights of the Palestinian people.

Thorn who has undertaken a series of fact-finding missions to the Middle East in order to prepare for a future European "peace initiative" in the region, told a recent meeting of the United Nations General Assembly that for the Nine only a global solution could bring just and lasting peace to the Middle East region. This, he indicated, meant that all parties involved in the conflict, including the Palestine Liberation Organisation, would have to be associated with the negotiations.

Turning to the conflict between Iran and Iraq, the Community has expressed satisfaction that, contrary to its earlier fears, the war has not spread to other countries in the region. It is also relieved that the movement of ships in the Gulf region has not been impaired. Even though the Community believes that the Nine have no direct peace-making role to play in the region, it has been monitoring the evolution of the war in the Gulf. Any prolongation of the war could, in fact, have serious consequences for the Community's oil supply situation. In 1979, Iraq and Iran supplied 12% and 8% respectively of the Community's total consumption of oil.

The coup d'état in Turkey, bringing the army to power, provoked some anxiety in Europe, but the generals convinced the Nine that efforts to return to democracy would be made as soon as possible. Several European Parliamentarians have stressed, however, that they feel that these statements of intention are not adequate and would like the Community to take more concrete action.

Among the Community's "diplomatic successes" in 1980, can be included the wide-ranging cooperation agreement signed with Yugoslavia, which gives the country "most favoured nation" status. Under the terms of the agreement, the Community is committed to contributing to the country's economic and social development, particularly in the industrial, technological, agricultural and energy sectors. Tourism and environmental cooperation also come within the scope of the agreement. The Community hopes that this intensive cooperation will support Yugoslavia's efforts to remain non-aligned, the path chosen by the country's first President, Marshall Tito.

Détente is the focus of current talks at the Madrid Conference on Security and Cooperation in Europe. The Nine are attending the meeting with the firm intention of evaluating as completely as possible the implementation of the Helsinki Final Act, and respecting the balance between the different "baskets", namely disarmament, economic cooperation, and human rights. Here once again, the Community will prove that it is a force to be reckoned with.