

Week of 8 to 13 December

REGIONS: Imbalances worsen

- In 1970, the per capita Gross Domestic Product was 2.9 times higher in the Community's most developed regions than in the most backward areas. In 1977, this ratio had become 4 to 1. These figures illustrate an evident aggravation in regional imbalances within the Community, a fact which has been highlighted by a new report drawn up by European Commission experts.

The main reasons for these imbalances are related to the structural make-up of the regions themselves: demographic trends, production levels, the standards of workers, etc. But it is clear that the economic crisis has also added to the impact of these structural differences. Finally, it would seem that certain Community policies have also had a negative impact in certain regions.

The Commission will soon draw up a series of proposals establishing the priorities and guidelines for the Community's regional policy. The framework regulation for the European Regional Development Fund will also be revised next year.

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The costs of the Common Agricultural Policy are on the way up and the CAP also leads to the production of surpluses. A reform is therefore clearly necessary: the European Commission has identified the main areas where such action is necessary.

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Tel. 736 60 00 - Telex 21877 COMEU B.

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Editor: Will. J. Reckman



PHARMACEUTICALS: Towards a single medicine cabinet in Europe

The fact that Europeans are believed to be consuming too many pills and medicines is not the only problem that ails the European pharmaceutical industry. Following an exhaustive diagnosis by the European Commission in Brussels, a report by that body indicates that this important sector is suffering from the same confinement and strangulation as some other major industries.

Just like the telecommunications, aviation and some other crucial sectors, the pharmaceutical field is largely limited by national markets and regulations which restrict companies' developments to within their own borders. In the eyes of the Commission experts, this means that the Community pharmaceutical companies are fragmented, which hampers effectiveness, probably raises costs to the consumer, increases research bills and duplication and contributes to expansion of similar products on the market. What is seen to be needed is greater rationalisation and efficiency. To achieve this end, the European Commissioner in charge of industrial affairs Viscount Davignon prepared a series of proposals which the entire Commission has now recommended that the Council of Ministers adopt.

The first measure recommended would be the updating -to take into account scientific and technological progress- of all the regulations adopted at the Community level in the past by the Council affecting the manufacture, sale, testing or packaging of pharmaceutical products. Since the creation of the Community a number of such standards have been adopted which in some cases need to be reviewed and perhaps changed.

The other remedy proposed for this patient is the same as for several other industries previously -- the opening up of a truly Community-sized market. At present, many Community companies are limited to selling to their own domestic market of a few million. Because of tradition and other restrictions. The opportunity to sell throughout a Community market of more than 260 million potential customers could provide a shot in the arm to many firms. One of the problems that has to be tackled is the need to overcome the numerous technical, administrative or safety standards that act as barriers to cross-frontier sales. The Commission proposed that this be accomplished by each member country recognizing the safety, testing and registration requirements of the other members. This would mean that once a product has been cleared for sale in one Community country, it could then be sold in all the others, which in fact is already a right in principle as a result of the EEC Treaty provisions for free circulation of goods and also as a result of a recent European Court of Justice decision confirming this right. The Commission rejected as too costly and burdensome the recommendation made by some of the many parties it consulted before making these proposals, that the EEC itself establish a central registration and authorising agency.

ENVIRONMENT: Europe recycles its bottles

After several decades which have seen the growth of the "throw-away" society, efforts are now being made to limit waste. The recycling of glass is one area in which European countries have been active -both at a national level and through the European Community. There are two methods for the recycling of glass: through the use of refillable bottles (including, for example, milk bottles) and by melting down non-returnable bottles.

In addition to helping protect the environment, recycling glass saves energy, both because the remelting of glass requires less energy than the melting of raw materials and because it eliminates the need to use energy for the extraction of these raw materials in the first place.

The type of glass recycling programmes that have been launched in Europe vary from one country to another. In the United Kingdom, the first glass recycling plant was opened last July in Yorkshire. The plant will initially clean and process 600 tonnes of glass each week and when it is able to function at full capacity it will handle some 150,000 tonnes a year.

Germany, according to its environment minister, is attempting to increase the amount of glass which is recycled so that, by 1985, 600 - 650,000 tonnes of glass will be reprocessed each year. Part of this effort has been the government-instituted issuing of a one-litre returnable milk bottle, since up until now only one-quarter and one-half litre bottles were on the market. Fresh milk in returnable glass bottles now accounts for only 2 per cent of the milk consumed in Germany, so there is a long way to go on this front.

In Belgium and Ireland supermarkets have begun to encourage glass recycling. The first automatic bottle-return machine in Ireland was installed several months ago in a shopping centre. The machine identifies the returnable bottle deposited by the shopper, calculates the refund due and issues a printed receipt. The Belgian supermarket chain G.B. has placed glass collection bins in the parking lots of 88 of its stores. These containers, which are essentially large metal crates, are covered with mesh to prevent their use as rubbish bins and are meant for non-returnable bottles.

Italy's city of Parma, with aid from the Italian National Glass Manufacturers' Federation, has instituted a pilot programme for glass recycling. There has been a major publicity campaign in the town and collection containers have been placed around the city and its suburbs.

On the European level, the Commission of the European Communities is drafting a measure which would restrict the use of non-returnable bottles in Europe.

MOTORING: On the road toward the European driver

Whether he drives on the right or left side of the road, or whatever his habits and car may be, the European driver should feel more at home throughout the European Community in a few years.

By 1986 all of them are scheduled to have a pink drivers' permit that will be issued by all Community countries in their own national languages but otherwise similar and valid in all 10, or by then perhaps 12, Member States. As an intermediary step, by 1983, any European Community citizen who takes up residence in another member country will be able to use his original drivers' license for some time in the host country and then will automatically be issued a permit by authorities in his new country of residence.

This perhaps limited but nevertheless symbolic step, that will affect a large percentage of the hundreds of millions of Community residents, has been under discussion for a number of years. It had already been agreed to in principle some time ago, but working out the details proved to be more difficult than originally expected because some countries issued various types of permits and were concerned about the safety and ability of other persons who had not taken the specific domestic tests for such permits. But in the end, Transport Ministers of the European Community meeting in Brussels recently were able to agree on all the details of this new European permit, right down to the colour, and on the timetable for introducing it.

This transport Ministers' meeting also worked on a number of issues which have a close bearing on the everyday lives of the average Community citizen as well as the sector involved. For instance, they considered studies done for the meeting on the financial state of health of the Community's railways, which are still a widely-used method of transportation by European passengers and cargo, but which unfortunately are in economically difficult positions. Discussions on financial assistance to major transport infrastructure projects are also important in that they not only represent the motorways and railways on which millions depend for mobility but which can also open isolated regions to economic development and progress.

Getting down to details of transportation policies as small as timetables, the meetings also touch on subjects such as the allowable national quotas for major truck and lorry carriers or sometimes something as controversial as the level of airline fares.

ENVIRONMENT : The danger to bees.

Unlike its cousin the wasp, the bee is a likeable and useful creature. As everyone knows, the bee plays an essential role in pollinating the earth. It is estimated that 80 percent of higher vegetation and fruit trees depend on these insects for their pollenization.

Mrs Antoinette Spaak, a Belgian member of the European Parliament, recently drew the attention of the European Commission to the threat to the practice known as apiculture (or bee-keeping in everyday terms) in the European Community. In fact the number of bee-hives has significantly decreased in the European Community in recent years because pesticides are destroying the plants visited by bees and also because of the exodus from general farming. The Commission replied that it had submitted to the member countries a proposed directive setting strict standards on the sale of pesticides. This proposal is currently under study and the Commission said it soon hoped to adopt more specific measures for the protection of bees.

Mrs Spaak was also concerned about the forthcoming entry of Greece, Spain and Portugal into the Community because they represent large bee-keeping interests that might put even more pressure on keepers in the current nine members. According to the European Commission such fears are groundless. The Community currently produces 42,000 tons of honey per year and the three new prospective members together produce 22,000. The Community market has a deficit in honey and is therefore forced to import because annual consumption in the 12 members of the future Community is estimated at 144,000 tons.

EEC COMMISSION : All 14 members known.

Beginning on January 1 a new crew was scheduled to take the helm of the European Commission. The existing 13 members of the Commission have come to the end of their four-year mandate and will yield to their successors, who will be joined by a 14th member, George Kontogeorgis, of Greece.

As of now, the entire membership is known. Messrs. Haferkamp, of Germany; Davignon, of Belgium; Gundelach, of Denmark; Ortoli and Cheysson, of France; Natali and Giolitti, of Italy, and Tugendhat, of the United Kingdom, have been re-appointed to another term. The newcomers, Messrs O'Kennedy, of Ireland; Andriessen, of the Netherlands; Richard, of the United Kingdom and Narjes, of Germany have been named. Luxembourg's Gaston Thorn will replace Roy Jenkins as President.

This leaves no chance for the European Parliament, which wanted to have a woman member, to have its way.

REFORMING THE COMMON AGRICULTURAL POLICY
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Since the Second World War, Europeans have never had to face a food shortage, despite continuing tensions on the world food market. Prices paid out to farmers for meat, cereals and vegetables are more or less the same in all parts of the Community, be it in Belgium, Denmark, Italy or the United Kingdom. Agricultural productivity has also been increasing ever since the Community was set up.

All these positive features of Europe's agricultural situation are the result of the Common Agricultural Policy, or the CAP as it is commonly known. Today, the CAP is the most concrete example of European integration, although it has provoked no little criticism in various quarters. In the first place, the CAP is attacked because of its high costs, and secondly, because it leads to the creation of agricultural surpluses.

These two questions, which need to be clarified, are increasingly raised by CAP critics and are, in fact, very closely linked. Briefly, the creation of surpluses, essentially dairy surpluses, can be explained by the operation of a system which supports farmers' incomes, and which guarantees prices for an unlimited quantity of products, without taking account of the real volume of demand. It is clearly this very phenomenon which provokes an uncontrollable increase in expenditure. Three-fourths of the Community's budget is spent on agriculture, although this sector only has a 5% share in the European economy. This imbalance is a cause of irritation to those who would like the Community to be more active in such areas as energy, industry and transport, etc.

Several Member States of the European Community, backed by the European Parliament have called for a reform of the CAP. The first phase of such a reform is expected to begin during the first half of 1981, once the new European Commission has taken office. Pending this, the outgoing Commission has adopted an analytical document which identifies the major areas of the future reform of the CAP.

The Commission feels that generally speaking, the CAP has functioned satisfactorily, and that a rethinking of its general principles is therefore not necessary. It also points out that agricultural expenditure is more or less similar in the Community and the United States, that it is about 1 to 1.5% of Gross National Product, whereas it represents 5% of the GNP in Japan. A reform of the system is, however, necessary, if a continuing budgetary

imbalance is to be avoided. The Commission's emphasis is on the fact that it is neither economically healthy nor financially possible to guarantee price or aid levels for an unlimited quantity of products. The only possible solution consists of putting a ceiling on the Community's financial responsibility for surpluses, which means a generalisation of the principle of "co-responsibility".

This principle is applied in the sugar sector and, more restrictively, in the dairy sector. Its functioning is simple : producers pay a kind of tax (called levy) which is calculated as a percentage of the price of the sugar or milk sales. This tax is paid out to a special fund which works to facilitate sales of the products. As the Commission sees it, this principle should be extended to a large range of products, if not to all.

Such co-responsibility can take other forms : a relative reduction in prices compared with other products, or the introduction of ceilings for quantities benefiting from guaranteed prices. It will be up to the future Commission to choose the most suitable solution. The Commission will also have to decide whether co-responsibility should be applied uniformly or in a selective manner, depending on the size of the holding, the degree of development of the region or other criteria.

Another measure recommended by the Commission calls for a reduction in the price of cereals. This price is too high for the moment. For one, it affects the price of livestock production, and secondly, it encourages livestock farmers to import large quantities of substitution feed. The Commission would like to have a stricter control on such imports through the conclusion of voluntary restraint agreements with the supplying countries. Finally, the reform of the CAP calls for a more dynamic export drive and a structural policy which can reduce regional disparities.

It is time to act, according to the Commission. The Common Agricultural Policy needs a new lease of life. The three objectives to be pursued include the maintenance of all the positive aspects of the CAP, the creation of mechanisms allowing for a control on the production of surpluses and the concentration of financial resources on the poorer regions and holdings.