

Week of 14 to 19 April

Consumption: The safety of toys

In a move to defend the interests of Europe's smallest consumers, officials in Brussels have just recommended a set of uniform standards throughout the European Community to assure the safety of toys. These proposals, if adopted by the nine member governments, would not only require tests to assure that toys meet the standards, but would also permit the removal of toys not complying from the market. The law would contain specific rules concerning the physical and mechanical features of toys and their flammability. Then there would also be more general guides on chemical, explosive, electrical, health and other dangers. Another aspect of the new proposal would allow consumer protection associations in the Community to request that the safety of specific toys be tested by their appropriate national authorities. The recommendation has been in the works for several years and was stimulated by the frequency of accidents involving unsafe toys and playthings for children.

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What are the European Community's resources? How does it decide upon its budget? What are the causes of the present budgetary crisis?

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CULTURE: The preservation of Europe's traditional architecture

Imaginative efforts are currently being made to breathe new life into decaying old city centres and to efficiently preserve some of Europe's richest cultural heritage.

This campaign is aimed not only at avoiding the desertification of urban areas turned into vast modern office districts, but also at proving that preservation of the architectural legacy of yesteryear is not just a costly frill but a justified economic activity.

While in the past such work was regarded as partly a philanthropic or cultural undertaking, it is now having to be judged against other priorities in competition for shrinking budget resources throughout Europe. But officials at the European Common Market Commission in Brussels are increasingly turning to this type of activity to serve a double economic and cultural purpose. Commission President Roy Jenkins just recently told a Congress on the subject that "a constant endeavour to preserve our architectural heritage is not just a debt which we owe past generations and an obligation we owe to future generations. It is also justified in terms of immediate self-interest".

He noted that Europe's architecture and historical sites provide valuable tourist revenue and employment even in some of the most economically depressed regions. Conservation work also can provide substantial employment of both skilled and unskilled labour and offers a stimulating way of training young people.

Since 1976, the European Community has had some budget funds allocated for conservation work. It began at £17,000 (26,700 EUA) and has grown to £200,000 (315,000 EUA) in 1979. Up to now this work has been concentrated on training of a limited number of students in restoration work in Bruges, Rome and Venice and also to help fund research and publicise the results of new conservation techniques.

The European Parliament also adopted a resolution last year proposing new funds for interest rate subsidies on loans for conservation projects. In this same context, the Commission is now examining the potential for Community funding of housing projects that would combine both conservation needs and housing requirements.

Work of this type may take on added significance as a new source of jobs to counter swelling unemployment and to salvage what remains of traditional European architecture from the onslaught of modern property development.

CONSUMPTION: Cigarette popularity on the wane

125.2 million packets of cigarettes were sold in the United Kingdom alone in 1978. The figure appears to be very high, but, compared with last year's sales, shows that cigarette consumption is on the wane: in 1977, some 125.9 million packets were sold in the UK. Cigarette sales also decreased in the other countries of the European Community during the period 1977/78, excluding Germany and Ireland. Cigarette consumption in the three Benelux countries, estimated at 46.7 million packets in 1977, fell to 41.4 million packets in 1978. Statistics for 1979 are not yet available, but there are indications that the downward trend is continuing.

The exact impact of the anti-smoking campaigns on this trend is difficult to evaluate, compared, for instance, with the impact of higher taxes on cigarettes. It is clear, however, that the results are seen as encouraging by those worried about the health of Europe's citizens.

INDUSTRY: Defining the SME

Community member states have attempted to define the different types of business enterprises on the basis of the number of people employed. Such a definition should help determine the conditions for granting financial assistance, meeting statistical or tax requirements, and allowing for the introduction of legislation. These definitions, however, vary from country to country.

For France, Italy and Germany, small and medium-sized industries are those which employ less than 500 persons. The limit is 200 persons for the United Kingdom, 100 for the Netherlands, and only 50 for Belgium, Denmark and Ireland.

Differences also exist as regards the tax regimes in application, but, generally speaking, employees of a limited liability company are taxed on their share of profits (whether or not they have been distributed), while public-owned companies are generally subject to taxes on the company capital itself. In this case, distributed profits are also taxed at company level. However, this double or economic taxation, is applied only partially in six Community member states and does not exist in Germany. It is applied in its entirety only in Luxembourg and the Netherlands.

ENVIRONMENT: Managing Community waste

European Community member states produce about 5 million tonnes of waste per day, giving a global total of 2 billion tonnes per year. Waste production is increasing by about 2 to 3 % each year.

Community institutions have been tackling the question for some years now, but new initiatives are certainly called for. Once recycled, a large percentage of this waste can be reutilised as either raw material, or directly to produce energy.

European industry has been recycling this waste for some time now. Member states have introduced a recycling programme for municipal waste, particularly for waste paper and glass and metal bottles.

Currently about 9 to 10 million tonnes of waste paper (about a third of Community consumption) is reutilised for the manufacture of paper and cardboard. Energy required for this process is six times below the amount used to manufacture paper from virgin pulp, and of course the pollution element is also reduced. The fact that the Community imports about 50 % of its paper and wood fibre requirements is an additional argument for it to increase its waste recycling facilities.

The Nine's Council of Ministers has already taken action as regards the recovery of used oils and the collection and processing of toxic and dangerous wastes. On November 12, 1979, the Council adopted a research and development programme for the recycling of municipal and industrial wastes. The action is to continue until 1982.

The first European conference on the management of solid wastes will be held in London, June 17 to 19 this year, under the auspices of the Commission of the European Communities. At the meeting, the Commission will explain its policies in this sector, and present an analysis of its different activities. Other participants who will give their points of view include representatives of different industries, administrations and organisations responsible for consumer and environmental protection.

TEACHING: Community grants for publication of theses

Although still a far-away objective which will undoubtedly require a determined effort, European integration is the subject of research being carried out in a number of European universities. The subject itself is a vast one where students can always find an aspect which has yet to be explored in detail.

But what most students do not know is that the European Commission encourages the publication of those theses which represent an important and original contribution to the different aspects of European integration.

The Commission's university information services have a £ 443 budget (about 30,000 BF) to assist in the publication of each one of those theses which have been chosen by an independent jury. In exchange for such assistance, the Commission requires that the beneficiary students submit 10 copies of the published version of the study so that it can be distributed in European circles and EEC countries other than where it is published.

In 1979, 15 students received such Community grants, with studies on subjects ranging from "the problems of basic training for children of migrant workers in Europe" to "French opinion and Europe during the De Gaulle government, 1958/69".

INSTITUTIONS: Democracy and the right to petition

For some years now the basic democratic rights of EEC citizens have been the subject of debate in the European Institutions. In the United States, citizens' rights were enshrined in a "Bill of Rights" signed and executed some years after the Declaration of Independence in 1776. Several other countries in the world have clauses protecting fundamental rights incorporated in their Constitutions.

The idea now is that some attempt be made to gather together a set of rights that can be laid down and form the basis of a Common Market Bill of Rights. One of the earliest privileges that most citizens in Europe have enjoyed is the ability to petition their governments on behalf of a large group of people who sign a petition and who present it to the government or department concerned. In Switzerland the petition has an important role to play in the law-making process, for if only 50,000 Swiss citizens petition and demand it, a prospective law can be put before a referendum of the entire population. A recent question in the European Parliament highlighted the position in the EEC countries. The Commission was asked if it was going to propose a common declaration on the rights of citizens in the Nine to petition the various EEC institutions.

The Commission said, in reply, that the European Parliament is the proper institution to receive petitions. It is ideally suited to carry out this function as it represents the elected representatives of all the EEC's citizens. In fact the right to petition EEC MP's is already laid down in Article 48 of the internal regulations of the Parliament. Under this Article, the Parliament has the ability to transmit a petition to either the Commission or the Council of Ministers for appropriate action, with an accompanying opinion of the relevant parliamentary committee.

THE EEC BUDGET

The whole question of the Common Market budget was thrown sharply into focus in November last year when the newly-elected European Parliament decided on a majority vote to reject the budget proposals for 1980. This was the first time in the history of the EEC that the European Parliament had exercised its power of veto on the budget and indicated the tremendous tension and feelings that all sides felt at the time. But before going into any details concerning the adoption of the EEC annual budget we should take a look at the system of receipts and payments that the Common Market receives and makes in the year.

In 1969, the EEC summit conference at The Hague decided to progressively phase out the system of national contributions paid by the member states and replace it with the so-called system of "own resources" financing. As a result the Community now has three main sources of income. They are: I. a percentage (to a minimum of 1 %) of the VAT levied throughout the nine member countries and turned over to the Community; II. customs duties on industrial products coming onto the EEC market from outside the Nine and III. levies on agricultural products imported into the Common Market. There are also less important sources of funds such as the "sugar tax" paid by sugar refining companies.

As in any financial operation there has to be a broad balance between payments and receipts and up to this year that has been achieved. It seems possible that in 1980 for the very first time payments will exceed the revenue received and the member states would then have to cover the deficit individually, but this is all bound up in the argument relating to the budget for this year.

Where does the money go at present? First of all there are the running costs of the three "Communities" (the EEC, Euratom and the Coal and Steel Community). Rent, maintenance on buildings, staff salaries, etc. must be paid. These sums in fact only represent some 12.5 % of the total budget outlay, an amount which is quite modest by the standards of the civil services of some national governments and certain large cities. The greatest part of the budget is used to finance the various EEC operations such as the Common Agricultural Policy (CAP), the social, regional and industrial policies as well as to finance research and the energy policy. Moreover, a fair chunk is devoted to the EEC's development aid programme.

But, first and foremost, it is the CAP that takes the lion's share of the EEC funds; 75.9 % of the total available in 1977, 70 % in 1979. Of this huge amount 42.6 % was taken up by the dairy sector alone.

The annual budget debate starts with the European Commission, which after detailed consultations with several other bodies, draws up the budget proposal in the Autumn of each year. It then submits its draft to the Council of Ministers. The Council can then make amendments and it sends the resulting document to the European Parliament. In fact the Council and Parliament together constitute the budgetary authority of the Common Market. They both have two chances to change the Commission's original proposals and to put forward amendments themselves. However, the Parliament can only change that part of the budget that relates to the "non-obligatory" section (that is the part that is not committed to a particular sector by the terms of the Rome Treaty - such as the Common Agricultural Policy). The Council reserves the rights, therefore, over the greater part of each year's finances and particularly over the finances of the CAP.

However, it is the Parliament that can effectively block the whole process by a resolution to that effect at a plenary session. This is what has happened with this year's budget.

This power was the only weapon at the disposal of the new Parliament to show its displeasure at the way the budget issue had been handled by the Council. The newly elected MP's obviously felt that they had the mandate to question the wisdom of the current budgetary policy and particularly the amounts spent on the voracious Common Agricultural Policy. The MP's were certainly provoked by the attitude of the Council in the discussions in Strasbourg last November.

As a result of this impasse, from January 1, 1980, the EEC is funding its activities on the "1/12's rule". That is to say that last year's budget is added up and then divided by 1/12 and that is the monthly funding for all EEC activities until a new budget is finally approved. This will probably not be until June.

There seem to be four main problems with the EEC budget at the moment. First of all, there is the problem of the relations between the Parliament and the Council. On this point, Mr. Christopher Tugendhat, the EEC Commissioner for Budgets said recently that the Council ought to show its desire to establish a working partnership with the Parliament on the budget and in discussing the priorities, should hopefully reach a satisfactory compromise.

The second problem is the heavy burden placed on the budget by the Common Agricultural Policy. This is, at present, the main common policy in existence in the EEC and the only area where the Common Market itself (rather than the Member States) exclusively organises the running of the policy. Nevertheless, some sort of reform has got to take place, for Europe cannot go on adding indefinitely to the list of products in surplus that have to be supported,

nor can it continue to pay to maintain and store these surpluses once they have been created (this particularly applies to the dairy surpluses). Moreover the present high level of spending on the CAP prevents the development of other common policies or new schemes of benefit to the Common Market. The third major budgetary problem is that at the present rate of spending the EEC will run out of financial resources after the end of this year. This may mean that the VAT percentage taken from the Nine will have to be raised.

Finally, the U.K. has raised the argument of "convergence". She maintains that a country's approximate net contributions should take into account its level of prosperity and should be reflected in what is received back from the Community. The situation on this matter is very tense and the Commission is working hard to try to unblock the situation before the European Summit in Brussels at the end of April.

It should be remembered, however, that the Common Market budget is still only 2.6 % of the total of the national budgets of the Member States.

THIS WEEK: The week's agenda

EUROPEAN COUNCIL: Italian Prime Minister Cossiga was planning to visit several colleagues in various Community capitals in the quest for an agreement on the controversy over the British contribution to the EEC budget prior to the planned Summit meeting April 28 and 29 in Luxembourg.

PARLIAMENT: The European Parliament meeting in Strasbourg April 16 adopted a resolution urging greater efforts by the European Community to improve the standard of living and economies in the less-developed regions of the nine member countries.

COMMISSION: The European Commission in Brussels April 10 asked for the authorisation from the Community member governments to sign the important Barcelona convention of the protection of the Mediterranean from land-based pollution.

COUNCIL OF MINISTERS: The difficult question of possible restrictions on trade with Iran as a measure to obtain release of Americans held captive there was being discussed in various meetings and institutions in the Community in preparation for the meeting of Foreign Ministers in Luxembourg April 21 and 22.