



A NEWSHEET FOR JOURNALISTS • REPRODUCTION AUTHORIZED

WEEKLY No. 34/87

BRUSSELS, 12-19 October 1987

S U M M A R Y

- P. 2 INFLATION: Moderate in July and August
But prices are rising fast on a 12-month basis.
- COST OF LIVING: Tobacco prices record bigger increases
The trend is Community-wide, with some exceptions.
- P. 3 INVESTMENTS: 1986 was a better year than 1985
But it's still not enough to bring down unemployment.
- P. 4 INVESTMENTS: European loans will help create 60,000 jobs
Lending by the European Community in 1986.
- P. 5 HEALTH: An ECU a year for the handicapped
The European Parliament wants a big increase in the budget for the action programme.
- P. 6 AGRICULTURE: Are growth hormones making a come-back?
The European Commission reaffirms the need to fight against the fraudulent use of illegal products that stimulate growth in farm livestock.
- P. 7 FISHERIES: European R & D casts its net
The Twelve agree on a 4-year programme.
- SHIPBUILDING: South Korea is nipping at the Community's heels
Orders for new ships booked in 1986 around the world.
- P. 8 WOMEN: Equal rights are not enough to ensure equality in practice
A Conference in Brussels to promote equality of opportunity.
- P. 9 EDUCATION: Tempted by a diploma in sinobiology?
A "European University" in Strasbourg promises the moon.

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

Commission of the European Communities,
Rue de la Loi 200 - 1049 Brussels - Belgium
Tel. 2351111 - Telex 21877 COMEU B

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



INFLATION: Moderate in July and August

But prices are rising fast on a 12-month basis.

Prices normally tend to stay put during summer; and 1987 was not very different in this respect, given that prices rose by 0.1% in July and 0.2% in August in the 12-nation European Community. The rate of inflation is picking up on a 12-month basis, however, despite the decline recorded at the end of last year.

Prices rose only marginally in July and August in most Community countries. They fell in Germany, Luxembourg and Greece. But they rose sharply in Spain in July (1%) and Portugal in August (1.1%), according to Eurostat, the EC's statistical office.

Prices rose by 3.4% between August 1986 and this August, as compared to a rise of 3.3% the year before. At the end of 1986 inflation had fallen to below 3% on a 12-month basis. Even so, the 12-month rate for the Community as a whole was below the American (3.9% in July) but, as always, well ahead of the Japanese (0.4%).

The inflation rates for individual member states continue to vary sharply, ranging as they do from under 1% in Luxembourg, the Netherlands and Germany, to 16.4% in Greece (on a 12-month basis).

COST OF LIVING: Tobacco prices record bigger increases

The trend is Community-wide, with some exceptions.

In the 12-nation European Community tobacco, cigarette and cigar prices have almost doubled since 1980, while the prices of other consumer goods have risen by less than two-thirds.

Smoking has become more expensive because the majority of Community member states are taxing it more heavily now, often in order to discourage heavy smokers, as is shown by the figures published recently by the EC's statistical office, Eurostat.

The only exceptions to this rule are Denmark and Greece, where cigarette consumption has risen since the early 1980s. Greece is also a major tobacco producer. At the other end of the spectrum is Ireland, where prices of tobacco products have nearly tripled since 1980, while prices of other consumer goods have barely doubled. In the early 1980s the Irish and Greeks were the biggest smokers in a Community which Spain and Portugal had not yet joined.

INVESTMENTS: 1986 was a better year than 1985

But it's still not enough to bring down unemployment.

Investments were up 3.4% in the 12-nation European Community last year. This was better than the 2.3% increase recorded in 1985. Even so, the European Commission, which includes these figures in a recent report, considers the increase insufficient to bring down unemployment.

Various factors helped stimulate investments in the majority of member states: companies did better financially; interest rates declined; yields were higher on investments in industry and the services and, in certain countries, the government took steps to stimulate investment.

Yields on investments in productive sectors of the economy are increasingly competitive in relation to yields on purely speculative investments. It is only in Germany, however, that yields have recovered to levels close to those which prevailed just prior to the 1973 oil shock.

Investments have risen most sharply in Belgium, Denmark, the Netherlands, Portugal and Spain. The European Commission has attributed the rise in Spanish and Portuguese investments in their modernisation programmes, made necessary by their recent entry into the European Community. Only in Ireland and Greece did investments decline in 1986.

The sharpest rise was in industrial investments, up 5% in real terms. This increase was as much as 14% in such processing industries as textiles, wood, paper and plastics, and 13% in the engineering and electrical industries. Investments in the steel industry fell because of the crisis it is going through.

From the European Commission's point of view, the relatively low ratio of investments to the Community's GNP remains a black spot. Current levels of investment are far below those attained in the pre-1973 period, so that any significant reductions in unemployment can be ruled out.

The report highlights another problem, that of "non-physical" investments. In an age of new technologies, investment implies much more than the acquisition of offices or machinery; it can also involve the acquisition of patents, market studies, training and publicity programmes. Such investments would amount to 30 to 40% of the total in the European Community if they were not handicapped by the regulations in force.

INVESTMENTS: European loans will help create 60,000 jobs

Lending by the European Community in 1986.

The ECU 8,500m.* loaned by the European Community in 1986 should lead to the creation of roughly 60,000 jobs, the European Commission has estimated in its recent report on the Community's borrowing and lending activities.

The sums lent in 1986 by the European Investment Bank, the EC's bank for long-term finance, accounted for about one third of the total investments, amounting to ECU 22,800m. and should lead to the creation of nearly 30,000 permanent jobs, including some 23,000 in industry. More than 80% of these industrial jobs would be created by small and medium-sized firms.

The loans granted in 1986 by the European Coal and Steel Community should lead to the creation of another 31,000 jobs, thanks to retraining programmes in favour of miners and steelworkers who have been made redundant.

Sixty thousand new jobs in a Community in which there are millions of unemployed may seem derisory. However, lending by the Community makes a strong impact because it is concentrated on the regions which are the worst off in terms of employment.

In 1986 Community loans in favour of companies accounted to around one-third of the total, or rather more than ECU 2,800m. A third of this went to small and medium-sized enterprises. In addition to creating new activities and allowing existing firms to expand, this type of lending encourages the introduction of new technologies, energy savings and environmental protection.

The energy sector accounted for the lion's share of the loans in 1986, with 36% of the total. They helped finance the construction of nuclear, hydroelectric, geothermal and coal-fired power stations and the exploitation of deposits of oil and natural gas. The loans also helped set up plants for the treatment and storage of nuclear fuels as well as energy transportation and distribution.

Some 31% of Community loans went on developing the infrastructure. More than ECU 2,600m. were shared out between transport, water treatment plants, low-cost housing for coal miners and steelworkers and telecommunications equipment, especially for transmission by satellite.

* 1 ECU = UK£ 0.69 or IR£ 0.77.

HEALTH: An ECU a year for the handicapped

The European Parliament wants a big increase in the budget for the action programme.

Spread over four years and divided by six million, ECU 21.5m* works out at less than one ECU per year for each of the European Community's six million handicapped persons. For the European Parliament's Committee on Social Affairs and Employment, which unanimously adopted the report prepared by the Belgian Euro-MP, Raphael Chanterie, the amount is ridiculously small. It has therefore asked for a substantial increase in the budget for the second action programme for the social and economic integration of the handicapped, presented by the European Commission to the EC Council of Ministers.

The Euro-MPs would like the programme more specifically to include the mentally handicapped. In their view it should also favour the employment of the handicapped through specific measures aimed at giving substance to the right of the handicapped to lead independent lives. This is both a priority and a goal of Community activity in this field, but is made more difficult because of shortcomings in such matters as access to public buildings, residential accommodation, the training of interpreters for the deaf and dumb, mobility, etc.

Finally, research should be conducted in order to find out the extent to which the new technologies can be put to the service of the handicapped, especially in order to make it easier for them to get about and communicate with others.

The adoption of the report was preceded by a wide-ranging debate and a public hearing, during which organisations representing the handicapped were unanimous in expressing their appreciation of the first action programme. It provided, in addition to solutions to the practical and physical problems of the handicapped, technical measures for the creation of pilot and rehabilitation centres and support for non-governmental organisations, as well as backing for programmes aimed at helping the creation of housing projects.

An important feature of the public hearing was the testimony of various participants. "The handicapped want neither to impose on others or be imposed on". The fact is that obliging firms to reserve a certain percentage of jobs for the handicapped (at present 3 to 7% in the Netherlands and 5% in France) does not necessarily contribute to their integration in society. But the elimination of the quota system requires that heads of companies be well informed on the exact possibilities of the handicapped. How many among them know that the rate of absenteeism is much lower among the handicapped - and that their output is a good deal higher than that of other workers? It is essential that an effort be made to ensure that the handicapped are treated as full citizens of Europe.

* 1 ECU = UK£ 0.69 or IR£ 0.77.

AGRICULTURE: Are growth hormones making a come-back?

The European Commission reaffirms the need to fight against the fraudulent use of illegal products that stimulate growth in farm livestock.

Will the Sunday joint become an object of suspicion once again? The question arises because BEUC, the European Bureau of Consumer Unions, has claimed there are numerous instances of the illicit production and distribution of growth hormones intended for farm livestock.

Several members of the European Parliament expressed their concern to the European Commission, which has answered through Commissioner Andriessen the numerous questions on this subject posed by Kenneth Collins (Britain), Louis Eyraud (France), Beate Weber (Germany) and José Happart and Willy Kuijpers (Belgium).

All of them referred to the July, 1985, directive which requires member states to conduct random checks on the manufacture, storage, transport and distribution of dangerous substances mentioned in a 1981 directive. A third directive, dated December 1985, requires all firms making substances having a thyrostatic, oestrogenic or gestagenic action, and those who trade in them for whatever purpose, as well as firms that manufacture pharmaceutical and veterinary products based on them, to keep a register detailing quantities produced, acquired or sold.

In his reply, Mr Andriessen declared that the member states are also required to submit to the Commission in Brussels, for its approval, detailed plans on the subject of the checks carried out on their territory, while a system of controls must be introduced at Community frontiers for imported products. As for the European Commission, it too will set up a system of controls for products imported from third countries.

The danger is both serious and real, as proved by the discovery last year of trade in hormones in the southwest of France. The substances discovered would have allowed between 15 and 20% of French livestock to be treated.

Some Euro-MPs are especially preoccupied by reports that the Americans are putting pressure on the Commission in order to secure the rejection of the directive of 31 December 1985, so as to be able to continue to export meat treated with hormones to the Community.

FISHERIES: European R & D casts its net

The Twelve agree on a 4-year programme.

European research in the fisheries sector will soon be launched. The fisheries ministers of the 12-nation European Community agreed at the end of September to four programmes aimed at modernising fishing even while improving the quality of its products.

The ministers have agreed to the expenditure of some ECU 30m.* on four research programmes for the period 1988-92. One of these programmes will be devoted to aquaculture. The others aim at improving fishing methods, fisheries management and the upgrading of fishery products.

These programmes will provide for both the coordination of national research programmes and promotion of Community research. The ministers also agreed on the means of coordinating and promoting research at the national level in this sector.

A European research policy in the fisheries sector was envisaged in January 1983, when the common fisheries policy was launched. The European Commission submitted detailed proposals nearly two years ago but their adoption was held up until last month because of differences among the Twelve on how the Community research programmes were to be financed.

* 1 ECU = UK£ 0.69 or IR£ 0.77.

SHIPBUILDING: South Korea is nipping at the Community's heels

Orders for new ships booked in 1986 around the world.

In the race to book new orders, European shipyards came second in 1986, behind Japan but ahead of South Korea, which dramatically increased output and sales. As the European Commission has underlined in its reply to the Dutch Euro-MP, Gijs de Vries, the situation in the world shipbuilding industry continues to give rise to concern.

The fact is that the world's shipyards already are producing more than they can hope to sell. Japanese, and particularly European, shipyards have sharply reduced their production capacity, while South Korea, China and Taiwan have increased theirs substantially. The European Commission is also concerned at the very low prices quoted by South Korean shipyards. So far the European Community has failed to persuade the South Korean authorities of the need to change their practices.

WOMEN: Equal rights are not enough to ensure equality in practice

A Conference in Brussels to promote equality of opportunity.

The situation as regards the employment of women in the European Community is a matter of concern. And yet girls often do better than boys in school. It is only later in life that the positions are reversed. Women are partly to blame, because they still tend to go in for jobs that offer limited opportunities and are traditionally reserved for them.

Women are caught in a vicious circle because their choice is also dictated by the fear of having to overcome, in the course of their career, the obstacles linked to the fact of being a woman. This emerged clearly from a Conference held in Brussels at the end of September, with the participation of a large number of private firms from the 12 European Community countries.

As a result, a large number of women stick to a limited number of occupations. Segregation, therefore, takes place despite all the laws and measures aimed at ensuring equal rights for women. Men and women clearly do not yet have the same opportunities.

The European Commission, which has long experience in the matter, with five directives approved and actually in force, has set itself the goal of translating into reality an equality which otherwise might remain largely on paper.

Manuel Marín, the European Commissioner with responsibility for social affairs, employment, education and training, took the opportunity to encourage companies to develop programmes along these lines, programmes which the Commission would be prepared to support.

Four European enterprises (Germany's AUDI, France's Moulinex, Esso in Britain and the Dutch Posts and Telegraphs) are already running four positive action programmes, and these were presented at the Conference and discussed by participants.

The success of such operations depends on certain conditions being met. The participants underlined the need for involvement by top management and for programmes to be conceived with a view to the better use of female potential.

To this must be added measures aimed at encouraging the sharing of domestic and professional responsibilities, through the reorganisation of the working day, for example. But it is equally important to intervene at the level of employment procedures and promotions if the objective is to be reached.

EDUCATION: Tempted by a diploma in sinobiology?

A "European University" in Strasbourg promises the moon.

Learn acupuncture and practice anywhere in the 12-nation European Community after 1993, thanks to the Single European Act*. Such is the claim made by the European University of Chinese Medicine in Strasbourg, in order to attract students and justify the high tuition fees, according to a Belgian Euro-MP, Fernand Herman.

This self-styled "university", he told the European Commission, maintains that under Article 57 of the Treaty of Rome and Article 8 of the Single Act, all professions recognized in at least one Community member state will have to be recognized in all the others after 1993. As acupuncture is legally authorized in Britain, the diploma awarded by the "university" will be legal in all EC countries.

Struck by the audacity of the claim, Mr Herman asked the Commission for its views. For Lord Cockfield, the Commissioner with responsibility for the internal market, the "university's" advertisement is misleading. However, the European Commission cannot intervene, whether directly or indirectly, he told the Belgian Euro-MP: it is a matter for the legal and other competent authorities of the country in question.

* The reform of the "European constitution" which has become effective from 1 July 1987.