



a newssheet for journalists

Weekly n° 3/89

23 - 30 January 1989

S U M M A R Y

P. 2 SINGLE MARKET: Ending hostile takeover bids
The European Commission wants an end to the present free-for-all.

P. 3 ENVIRONMENT: Manure smells!
The European Commission puts forward measures to fight the pollution of drinking water by fertilizers.

P. 4 UNEMPLOYMENT: On a downward slope in 1988
10.1% in November, as against 10.2% in October.

REGIONAL AID: Nearly 29.000 jobs created or saved
The 10th allocation for 1988 by the European Regional Development Fund (ERDF).

P. 5 COMMUNITY AID: New guidelines since January 1
The EC Council of Ministers adopted new texts at the end of December.

ENVIRONMENT: Batteries which threaten us
Euro-MPs want to separate the wheat from the chaff.

P. 6 SOCIETY: How to help the inner cities
The European Parliament raises a cry of alarm.

P. 7 TRANSPORT: Standing room only at European airports
The list of airports facing a crisis situation continues to lengthen.

P. 8 AGRICULTURE: Consumer protection requires better checks on veterinary products
The European Commission puts forward three proposals.

BRIEFLY: The African elephant must live!
ECU 125mn. of Community aid for transport infrastructure

P. 9 BRIEFLY: Agricultural stocks decline
The Commission acts against 11 EC countries
An anti-European jamming of radio signals

Post office: Brussels X

SINGLE MARKET: Ending hostile takeover bids

The European Commission wants an end to the present free-for-all.

The European Commission has adopted a proposal for a directive on takeover bids, which seeks to define the rules of the game in order to ensure greater transparency and equality, in the light of the single market, set for 1992. The Commission views the directive also as a means of putting an end to purely speculative bids, even while encouraging constructive bids. The main features of the proposed directive are:

1. A ban on partial bids: In order to prevent speculative bids from being launched, the directive would require that any bid be for the entire capital (except in the case of small businesses and in the event of a derogation).
2. Once a potential buyer had acquired one-third of the shares, he would be under obligation to bid for the totality of them, in order to enable all the shareholders to benefit from the higher offer price.
3. Anyone launching a takeover bid would be required from the outset to state his intentions regarding the continuation of the company's activities, the future of its employees and the level of debt to be incurred. The statement would have to be communicated at once to the workers' representatives.
4. Once a takeover bid had been launched, the existing management would limit its activities to the day-to-day management of the company; it would have no powers to increase the capital or carry out other exceptional operations.

At present official attitudes to takeover bids vary greatly from one EC country to another. In countries such as Greece and Denmark, where takeover bids are rare, no legislation exists. Elsewhere matters are governed by law, as in France, Portugal and Spain, or through court decisions, as in Belgium and Luxembourg. In the other EC countries, and more especially in Britain, where takeover bids are the most frequent, companies apply a voluntary code of conduct.

The Commission's proposal, which has been made in the context of the programme for the completion of the single market set out in the 1985 White Paper, seeks to meet a need, given that takeover bids are likely to multiply between now and 1993. So far they have been largely confined to Britain: 195 in 1986 and 265 in 1987. In 1986 there were 12 takeover bids in France, 10 in Spain and 8 in Belgium. There have been only two in Denmark in the last ten years.

The Commission's proposal, while timely, is nevertheless very ambitious given the numerous differences in national legislation. It will have to secure the approval of the EC Council of Ministers and European Parliament, and is not expected to clear all hurdles before the end of 1990.

ENVIRONMENT: Manure smells!

The European Commission puts forward measures to fight the pollution of drinking water by fertilizers.

It may be natural but it is nonetheless dangerous. There is too much manure in our countryside, it is too concentrated and it is increasingly polluting both surface and underground waters in the European Community. In the long run the nitrates contained in manures threaten the quality of drinking water as well as rivers, lakes and seas.

Aside from the serious consequences for public health, the nitrates and phosphates are also responsible for the phenomenon known as eutrophication, which has already caused serious economic damage to fisheries in the Baltic and North Sea and tourism in the Adriatic. It results in the proliferation of algae, which absorb oxygen from the water when they decay.

Clearly, there is an urgent need for remedial action. The European Commission is asking the Member States to identify the regions in which the problem is the most serious, and to designate vulnerable zones. Within these zones limits would be set to the use of nitrogen fertilizers and animal manures, to ensure that certain nitrogen levels are not exceeded.

Any region in which drinking water supplies already contain more than 50mg/l of nitrates in suspension would automatically be classified as vulnerable and a special watch would be kept over them. As regards sewage works serving communities of 5,000 people or more, the concentration of nitrates would have to be less than 10mg/l.

Under the Commission's proposals, the Member States would have to regulate the use of manure in areas of intensive breeding of livestock. In such areas farms would be required to have enough storage capacity for livestock manure to prevent this natural fertilizer from being washed by the rains into rivers and seeping into underground waters.

UNEMPLOYMENT: On a downward slope in 1988

10.1% in November, as against 10.2% in October.

The decline in the number of jobless, recorded last September and October, continued during November. The number of registered unemployed in the 12-nation European Community stood at 15.4mn. at the end of November. This was 0.3% fewer than the month before and 2.7% down over the 12-month period to November 1988. The seasonally adjusted unemployment rate for the EC as a whole in November - 10.1% - was lower than in previous months, even after compensating for differences in national recording methods.

For 1988 as a whole the average number of registered unemployed was around 15.8mn., or 1.7% lower than in 1987, according to the EC's statistical office, Eurostat. The "real" unemployment rate was 10.3%, as against 10.6% in 1987, on the basis of a common definition and discounting seasonal factors.

Some 20% of those under 25 were unemployed last year, as compared to 21.5% in 1987. Female unemployment rose again in 1988, to an estimated 13.3%, as compared to 13.2% in 1987. Male unemployment fell, however, to 8.3% from 8.9%.

REGIONAL AID: Nearly 29,000 jobs created or saved

The 10th allocation for 1988 by the European Regional Development Fund (ERDF).

All European Community countries, with the exception of Germany, will share the ECU 570mn.* to be provided by the European Regional Development Fund (ERDF). This is the Fund's 10th allocation for individual projects for 1988. Just under one-tenth of the amount will be devoted to industrial investments in seven countries, leading to the creation of 7,500 new jobs and the safeguard of another 21,400.

More than 4,800 new jobs will be created in Britain and over 1,100 in Ireland, while more than 19,000 jobs will be safeguarded in the Italian Mezzogiorno. Jobs will also be created in Belgium, Denmark, Greece and Spain, according to the European Commission, which announced the aid in early January.

As much as ECU 519mn. of the total will be used to finance public infrastructure investments in the north of England and Scotland; the Italian Mezzogiorno; the southwest of France and the Spanish province of Castile and Leon. The funds will be used mainly to finance the road network in Spain and France, tourism in Ireland and education in Portugal.

* 1 ECU = UK£0.65 or IR£0.78.

COMMUNITY AID: New guidelines since January 1

The EC Council of Ministers adopted new texts at the end of December.

Since 1 January 1989 the funds provided by the European Community to help reduce the disparities between regions and social groupings are being distributed on the basis of fresh guidelines, adopted by the EC Council of Ministers at the end of 1988. These funds, provided by the European Social Fund (ESF), the European Regional Development Fund (ERDF) and the Guidance section of the European Agricultural Guidance and Guarantee Fund (EAGGF) amount to 22.7% of the Community budget for 1989, as compared to only 17% the previous year.

Not only will this aid double in value over the period 1987 to 1993; it should also become more effective, thanks to the new guidelines. Thus the harmonization of the operating rules and procedures of the three Community funds should facilitate their common activities. What is more, aid from these funds will be used more often than in the past in conjunction with loans from the European Investment Bank.

The reform of these structural funds should also involve regional and local authorities to a greater extent in the decision-making process, and enable results to be continuously checked, so that targets can be adjusted in time if necessary. The overall objective is to avoid people being marginalized in the run-up to 1992.

ENVIRONMENT: Batteries which threaten us

Euro-MPs want to separate the wheat from the chaff.

It has long been known that some types of batteries contain mercury or cadmium, both of which are highly polluting. The European Parliament, in a resolution adopted in mid-December, has asked the European Commission to propose urgent measures for adoption by the EC Council of Ministers and aimed at (1) separating the good from the bad and (2) banning the manufacture and sale of the latter, should the occasion arise.

The European Parliament wants a Community directive which would gradually eliminate from the market batteries which contain mercury in amounts of more than 1% of their weight, and require the national authorities to (1) provide for batteries to be handled separately from the rest of household waste and (2) set up a deposit system for used batteries.

The European Parliament has also called for measures aimed at encouraging batteries to be recycled, as well as a labelling system which would allow batteries to be sorted easily, according to the level of danger they present. This system would apply to all batteries, including those imported from outside the Community.

Finally, the Euro-MPs have asked for fiscal incentives for the manufacture and marketing of "safe" batteries and help for manufacturers of "clean" batteries.

SOCIETY: How to help the inner cities

The European Parliament raises a cry of alarm.

Such prosperous European Community cities as London, Paris, West Berlin and many others cannot obviously be described as areas of industrial decline or which are otherwise disadvantaged. And yet all of them face inner city problems. The Community's programmes of financial aid have largely failed so far to take into account this "new type of regional problem", according to the European Parliament. A resolution adopted by the Euro-MPs last December calls, not surprisingly, therefore, for a Community urban policy aimed at protecting all aspects of the environment of large cities.

The resolution denounces the neglect of districts where the crafts or industry once flourished as well as the atmospheric pollution, noise, traffic jams and the absence of parks which are associated with numerous European cities. It points to the great poverty that is "often hidden by the relative prosperity of the urban area as a whole."

The Euro-MPs propose that the next European Parliament, to be elected this June, report on the situation in the Community's large cities as regards atmospheric pollution, the quality of surface and underground waters, noise pollution and road traffic. Its report completed, Parliament would suggest the measures to be adopted by the Community.

The Euro-MPs also want the European Commission to join forces with the competent authorities in the Member States, to launch a campaign aimed at reducing traffic jams in urban centres. To this end areas reserved for pedestrians would be extended and restrictions imposed on traffic in areas of historic interest. The examples given by the Euro-MPs in this connection include Bologna, Florence and Milan.

The Euro-MPs want the Commission to add a section on town planning to its departments dealing with regional policy and the environment, and to provide financial aid for projects in urban waste management.

TRANSPORT: Standing room only at European airports

The list of airports facing a crisis situation continues to lengthen.

At the top of this particular hit parade is Munich airport; but it is closely followed by Frankfurt, Heathrow, Gatwick and Palma de Mallorca airports. The fact is European airports are beginning to burst at the seams; more than 30 of them, including some of the best known, already suffer from inadequate capacity. And waiting in the wings, as it were, are a string of other airports, including Orly and Charles de Gaulle in Paris, Milan-Linate, Manchester, Barcelona, Alicante, Malaga

This situation has arisen because of the sustained rise in air traffic in recent years, and especially in 1987 and 1988. Should a shortfall in capacity develop in only one of the basic airport elements (runways, aprons, terminals, traffic control services) the result inevitably is delays in aircraft landings and take-offs. As airspace, especially around airports, becomes increasingly congested, the risk of accidents increases.

The German Euro-MP Horst Seefeld was sufficiently concerned to take up the matter with the European Commission. Had the Commission information on the scale of the problem and did it plan to put forward proposals aimed at solving it?

In its reply, the Commission noted that following the excellent report by another Euro-MP, Mr Georgios Anastassopoulos, to the European Parliament, it had prepared two proposals for Community directives, which it hoped would contribute to improving the situation. The first, on interregional air services, was expected to benefit small airports, thus relieving pressure on the busier hubs.

The second proposal was intended to encourage the involvement of users, including the airlines themselves, in airport planning. This should result in measures to ensure the most efficient arrangement and operation of scarce airport resources. Substantial investments are already being made, as stated in a report by the International Civil Airports Association (ICAA) to the European Parliament's Transport Committee.

Finally, the Commission is reconsidering the place of Eurocontrol within the Community framework, in view of its essential role and capital importance in the efficient and safe operation of the European air transport system.

Meanwhile, fasten your seatbelts and look to your parachutes

AGRICULTURE: Consumer protection requires better checks on veterinary products

The European Commission puts forward three proposals.

The drugs veterinarians use to treat livestock can be dangerous and are not always eliminated by the animal's organism. Eating meat containing dangerous residues can therefore prove harmful. The European Commission has sent the European Community Council of Ministers three proposals aimed at protecting the consumer.

The first sets limits for the residues from veterinary medicaments, and aims at establishing Community-wide standards for the level of residues to be tolerated in food products. The Commission will ask a committee of experts to evaluate these limits and will publish their findings.

The second proposal provides for a reform of existing legislation. Manufacturers and distributors would be required to maintain a register of all sales of dangerous veterinary products, in order to prevent an illegal trade in them.

The Commission's third proposal would guarantee homogeneity in the manufacture of successive batches of vaccines, taking into account variations due to the product's biological nature.

BRIEFLY ...**The African elephant must live!**

The European Commission has decided to devote ECU 500,000* to a programme to protect the African elephant population, to be implemented by the World Wildlife Fund (WWF). The elephant population has fallen from 2.3 million in 1970 to 700,000 in 1988.

The Commission also plans to introduce restrictions on imports of ivory so as to ensure that all future imports exclude any ivory of illegal origin or ivory produced outside the framework of the Washington Convention.

ECU 125mn. of Community aid for transport infrastructure

The European Commission plans to make grants for a total of ECU 125mn. for a series of transport infrastructure projects. The lion's share will go on combined transport projects (ECU 17mn.), improvements to the main links to Spain and Portugal (ECU 30mn.) and the high speed train network (ECU 30mn.).

ECU 65 mn. will be provided under the 1988 budget and a similar amount under the 1989 budget.

* 1 ECU = UK£0.65 or IR£0.78

BRIEFLY ...**Agricultural stocks decline**

Stocks of agricultural products have clearly fallen wherever the European Community has taken measures to deal with the problem of surpluses. Butter stocks, for example, stood at 221,000t. on 30 September 1988, as compared to over one million tonnes the year before, while stocks of milk powder had fallen to just 14,000t., as against 722,000t. on 30 September 1987, according to the inventory published by the European Commission at the beginning of January. Similarly, cereal stocks fell to 10.7mn. tonnes from 13.8mn. tonnes in the course of a year. At the same time, the Community's agricultural stocks fell by half - from ECU 10.6 billion to ECU 4.7 billion*. The European Commission encouraged the fall by subsidizing sales to the tune of ECU 2.2 billion.

* 1 ECU = UK£0.65 or IR£0.78

The Commission acts against 11 EC countries

In principle, the European Community's 320mn. consumers are protected against defective products since 30 July 1988, thanks to a directive adopted by the EC Council of Ministers in 1985. Unfortunately, only one of the Community's 12 Member States correctly translated this directive into national law. It is Greece, which is better known for its violations of Community regulations. Two other EC countries, Britain and Italy, have incorporated the directive into their national legislation, but incorrectly. The other Member States seem to have completely "forgotten" the directive's very existence. The European Commission has therefore decided to open infringement proceedings under the EEC Treaty against the eleven.

An anti-European jamming of radio signals

The jamming of radio broadcasts is an activity associated with dictatorships. But a European company has not hesitated to resort to it in order to discourage the competition. The British firm Racal Decca Marine was the sole supplier of Decca Navigator Systems (DNS) signals and receivers until 1981, when DNS-compatible equipment began to be marketed by other manufacturers. The firm resorted to jamming radio signals, so as to cause competing receivers to malfunction. Following a complaint to it by one of the manufacturers, Rauff & Sorensen A/S of Denmark, the European Commission saw to it that Racal Decca ended this practice, in time to avoid having to pay a fine.

* 1 ECU = UK£0.65 or IR£0.78