

Week of February 15 to 20

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CONSUMPTION : Europe's changing eating habits

Popular wisdom has it that individual tastes change every seven years. The regularity of such changes have, however, not been illustrated in any scientific manner. But, like all proverbs, there is some truth in the saying : a glance at the chapter on consumption trends included in the voluminous report recently published by the European Commission on the state of agriculture in the EEC in 1981, proves that certain changes have taken place in European eating habits.

The report points out, for instance, that for some years now, Europeans have been eating more cheese, fruit and vegetables, but slightly less butter. Consumption of beef, sugar and fresh dairy products has stagnated. Eating habits vary from country to country within the EEC. The Italians are the leading consumers of cereals (127 kg per citizen annually, excluding rice), of vegetables (154 kg) and of poultry meat (17 kg). On the other hand, they eat the least amount of potatoes (38 kg), milk (79 litres), butter (4 kg) and pork (21 kg).

The gastronomic habits of the Irish are more or less diametrically opposed to the Italians. They are, in fact, the leading consumers of butter (12 kg per head per year), of milk (192 litres), and of potatoes (105 kg). They are last on the list when it comes to eating fruit (28 kg, including canned fruit and fruit juices), and citrus fruit (11 kg), products for which the records are held by the Germans (86 kg) and the Dutch (53 kg).

When it comes to wine, the French are the unrivalled champions of Europe, drinking 96 litres per head, compared with only 3 litres in Ireland. The latter make up for this by consuming large amounts of beer and whisky. The Danes and the Irish are the largest consumers of sugar (45 kg), the French eat more meat than other Europeans (98 kg) and the Germans eat the largest number of eggs (17 kg).

By now, you are either feeling extremely hungry - or slightly sick ... the Commission report makes it clear, however, that European eating habits remain far apart, and that gastronomy is part and parcel of national cultures.

FINANCE : The European Monetary System, Act II

Just as a few months ago the rise in American interest rates caused considerable turmoil throughout the financial world, another upheaval in international money markets is taking place. The high level of U.S. interest rates is now pushing up interest rates in Europe, undermining efforts by national authorities to promote investments to stimulate economic recovery. The problem illustrates the interdependence of world economic and monetary developments. The international monetary picture has been characterised for the past decade by continual instability. The constant increase in energy prices, the severed link between the value of gold and the dollar, and government debt all contribute to instability, which results in a continuous fluctuation of exchange and interest rates.

This chaotic situation does not make the coordination of economies in the Member States of the European Community any easier. In fact, it has the opposite effect and constitutes a serious threat to the continuation of the European integration process.

It was in order to establish greater European monetary stability that the Member States of the Community created the European Monetary System (EMS) in March 1979. The EMS consists of a grid of bilateral exchange rates set on the basis of margins of fluctuation for the different currencies in relation to the European Currency Unit (ECU). Once a currency fluctuates beyond a certain limit in relation to its set value, the state concerned is requested to take measures to strengthen its money or devalue in consultation with Community institutions.

Under the EMS, central banks of the Member States also deposit 20 percent of their gold and dollar reserves in a European Monetary Cooperation Fund and receive an equal amount in ECUs in exchange.

After three years of operation, Community authorities are relatively satisfied with the system. They regret, however, that Great Britain and Greece have still not yet joined the exchange rate mechanism.

Originally EMS was to have entered into a second phase by 1981. This second phase would have included the creation of a European monetary fund (like the IMF) to replace the present monetary cooperation fund, and the use of the ECU in transactions with the central banks of outside countries. This stage has not yet been reached. Nevertheless, the Finance Ministers of the Community meeting in Brussels February 15 asked the European Commission to recommend ways of strengthening the EMS.

The European Parliament Economic and Monetary Commission has also urged rapid progress toward a second phase of European monetary integration.

ENVIRONMENT : Economic obstacles slow down anti-pollution drive

Human beings can get used to anything, even atmospheric pollution. City dwellers do not even notice it anymore. On the other hand, all it takes is a pollution-free weekend in the country to show us just how polluted our town air is. Whether we notice it or not, pollution is at work around us, destroying our environment and our health.

Car motors are the leading sources of atmospheric pollution. They discharge three major pollutants into the atmosphere : carbon monoxide (CO), azone oxide (NOx), and hydrocarbons (HC). Community-wide provisions designed to limit the dangerous emission of pollutants were first adopted by EEC ministers in 1970. They established certain limits to the amount of pollution that can be discharged into the atmosphere. Since then, the limits have been reduced three times, and a fourth reduction is planned. However, European anti-pollution measures are not as rigorous as those applied by the United States or Japan. This is recognised by the European Commission which points out that further restrictions especially if they are abrupt and costly could make the European car industry less competitive. The Commission stresses that a global approach, taking into account anti-pollution goals and cost benefit analysis, is needed. The divergent positions adopted by Member States must also be considered. Certain EEC countries such as the Federal Republic of Germany, have called for stricter anti-pollution measures. But others emphasise the difficulties that the adoption of tougher controls could mean for European industry.

The European car industry will face serious problems as regulations vary from country to country. Often European cars are unable to sell on foreign markets because they do not comply with local anti-pollution requirements. American and Japanese experiments have shown that it is possible to eliminate upto 90% of toxic substances from exhaust fumes, if cars use lead-free petrol. But the European Commission feels, that cars using lead-free petrol would be less efficient in terms of cost, and that its manufacture could prove to be difficult from a technical point of view.

REGIONS : Europe's mayors have their say

They came from cities all over Europe not with the illusion of finding an instant cure for their obvious problems, but to meet in Brussels to exchange experiences that might provide some relief for the epidemic of urban diseases.

Mayors and officials from as far as Glasgow, Belfast, Dublin, London, Rotterdam, Dortmund, Hamburg, Frankfurt and Lille in the North and from Palermo, Naples, Barcelona, Marseille, Milan and others in the South attended a special meeting organised by the membership of the European Parliament to air their views about their woes and to glean some helpful advice from their colleagues.

While the plight of Europe's farmers or underdeveloped regions frequently get most of the attention, it was a fact presented at these Brussels sessions recently that some two-thirds of the 270 million population of the European Community is urbanised and living in cities with over 20,000 residents. What's more, about one quarter of that total lives in about 30 large European cities and agglomerations with more than one million inhabitants. And while the rural exodus toward some cities in the quest for work has slowed down in some regions, the over-all trend toward urbanisation has not reached its end.

The authorities participating in the two days of discussion also underlined the basic problems of unemployment, the outflow of more affluent residents toward the suburbs, inadequate housing and transportation, educational and youth difficulties and the alienation of the elderly, and of other minorities. Urban authorities have tried to cope with some of these issues and with urban renovation but have been handicapped by declining financial resources and rapidly rising costs.

Since the discussions took place in connection with one of the European Community institutions, the focus quickly turned to what the Community had done and could do in the future to aid the cities within its borders.

European Commission President Gaston Thorn and others pointed to Community activities in the fields of environmental protection, transportation, social and regional policies which had already been directed to urban problems. Millions in funds are channelled through these European Community programmes and specific planning and operations have been aimed at problems of the cities.

But many of the speakers emphasised the need for more financing and better planning and programming as well, points which were not lost on the Parliamentarians and other Community officials attending.

ECONOMY : EIB concentrates 1981 operations on fighting unemployment

The European Investment Bank, the European Community's bank for long-term finance, invested a total of 1875 million pounds in industrial, agricultural, energy and infrastructure projects in EEC countries in 1981.

With the number of jobless in the Community currently estimated at about 10 million, the Bank concentrated most of its financing operations on investment in less developed areas and regions worst hit by unemployment. Other projects included reconstruction in parts of Southern Italy hit by earthquake damage in November 1980.

The Bank's other main priority was to channel funds into energy projects designed to cut the Community's dependence on oil imports. These included areas of energy production and transmission, and investment to reduce and rationalise energy consumption, particularly in industry.

Outside the Community about 275 million pounds were spent on projects in 35 countries linked to the Community by trade agreements and the Lomé Convention. Spain and Portugal, who are both soon to become EEC members, were both big beneficiaries, together with countries in the Mediterranean basin, Africa, the Caribbean and the Pacific.

The EIB's main aim is to provide low-interest development loans to poor areas in the Community and associated countries, that in some way benefit both the recipient and the other Member States.

In the Community, emphasis has tended towards investments that will combat unemployment, reduce disparities between Member States economic performance and tackle structural change. Setting up and expanding small and medium-sized enterprises to create jobs has been a priority.

Nearly three quarters of EIB loans in 1981 were concentrated in the four Community countries with the worst structural economic problems - Italy, Ireland, Greece and the United Kingdom. Projects were to be found mainly in areas such as the Italian Mezzogiorno, Northern Ireland, Ireland, Greece and Greenland, which have special priority status under EEC regional policy.

Bank officials calculate that loans saved an estimated 31,000 full time European jobs in 1981, mainly in industry, as well as contributing to new fixed investment totalling about 6,540 billion pounds. EIB energy projects may also save jobs by cutting oil imports by an estimated 10.6 million tonnes a year, when they become fully operational.

AGRICULTURE : The challenge from across the sea

European farmers not only face a difficult period domestically in connection with the annual debate over agricultural prices, but they are also confronted by another attack on their share of world markets from across the Atlantic.

The previous American Administration under peanut farmer, President Carter, had been more understanding of the European agricultural policies and had agreed not to disrupt this system during the important Tokyo Round of international trade and tariff negotiation concluded a few years ago. But the new Administration under President Reagan has reversed policies and begun a major offensive to expand American farm sales abroad. As part of this campaign, the American Secretary of Agriculture and other officials have sharply criticised various practices established under the European Community's common agricultural policies which tries to improve the conditions of the member countries farming populations and guarantee an abundant supply of food for the consumer. An integral part of this system are the guaranteed prices and the export rebates which have in the past been accepted by international authorities as fair, but which are now attacked by the American government as unfair export subsidies.

Naturally, the European Community, national officials and farmers have countered this American challenge with equal vigour. They have pointed to previous international and American acceptance of the system and also to American farm support programmes which amount to much the same thing. European Agricultural Commissioner, Poul Dalsager, took the debate to Washington in person recently to confront U.S. Agriculture Secretary John Block and other officials with the EEC view. He noted that the United States has a huge multi-billion dollar surplus in agricultural trade with the Community countries, selling large quantities of soya beans and other products which are the backbone of the American farm export drive and are used by many European farmers as animal feed. Commissioner Dalsager also pointed out that the European Community's exports of wheat, sugar and other products to third markets had not expanded substantially in recent years, because of an international agreement signed with the previous U.S. Administration.

But the debate shows no signs of abating since the Americans are now asking the same international trade authorities in Geneva to review the situation, thus giving European farmers something else to worry about.