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S U M M A R Y

P. 2 ECONOMY: Unemployment - an absolute priority

The President of the European Commission has told MEP's that no country can afford to go it alone in the 1980's.

P. 3 INDUSTRY: Machine tool offensive called

A takeover of world machine tool markets by Japanese robots could be on the cards unless Europe acts, according to a recent report.

P. 4 FINANCE: EIB funds job creation

European Investment Bank loans have saved over 400,000 jobs in Europe since 1977.

P. 5 BUDGET: Reform proposed

The Commission "Green Paper" on new ways to finance Europe has finally been released.

P. 6 WINE: The sulphite story

Is the addition of sulphur dioxide to white wine a health hazard?

P. 7 FOREIGN: Apartheid condemned

The European Parliament has condemned apartheid but has rejected the use of economic sanctions against South Africa.

P. 8 PARLIAMENT: "Christmas olive oil" - A new sight next to subsidized EC "Christmas butter" on European supermarket shelves?

Young farmers - A group of MEP's wants to encourage more young people to go into agriculture.

Railway preservation - Railway preservation societies are eligible for aid from the European Regional Development Fund.

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ECONOMY: Unemployment - an absolute priority

"The European Community's top priority is the fight against unemployment and deindustrialisation". "It could be Europe's acid test", according to European Commission President Gaston Thorn.

Speaking to the European Parliament in Strasbourg in February, he painted a grim picture of the prospects facing Europe's 12 million unemployed. The problem seems even worse when compared to the United States and Japan, he observed. "Only Europe has had rising unemployment for eleven consecutive years", he said.

He believes that the key to resolving the problem lies in European unity. Economic interdependence between EC member states is now such that no nation can afford to go it alone, he claimed.

The solution must lie in an improvement of economic and social conditions to bring about an increase in productive investment, an opening up of Europe's internal market, and a strengthening of the Community's voice in world affairs, he said.

Unemployment is both an "economic waste" and a "social problem", according to M. Thorn. The Community must stimulate more job creation, particularly in terms of training for young people. European Social Fund and Regional Fund spending on jobs should be doubled, he said.

He set a June deadline for the adoption of a Community action plan to combat unemployment and industrial decline. If it is to succeed, member states must take advantage of the European dimension. What is at stake is "both the future of nations and the future of the European idea", said the Commission President.

INDUSTRY: Machine tool offensive called

A takeover of world machine tool markets by Japanese robots could be on the cards unless Europe increases its efficiency in what is a strategically vital sector, according to a report issued by the European Commission.

Better marketing, rationalisation, investment, modernisation and a sharing of new technologies are just five possible responses to the Japanese export drive recommended in the report, which was submitted to the Council of Ministers in February.

Europe is currently the world's largest producer of machine tools, accounting for about 28% of world output in 1981. It also uses more machine tools than any other industrialised power, with the exception of the United States, buying about 20.4% of all tools produced.

But the European share of a traditionally export-orientated market has been declining rapidly since 1971, when the European Community countries were producing over 40% of world output.

During the Seventies Japan's share of world production rose from 11.9% to 18.4% and the United States' share increased from 12.7% to 19.5%.

High levels of specialisation and segmentation of the market into more than four hundred different types of tool mean that export has always been the name of the game in the machine tool sector.

No one knows this better than the Europeans. In 1980, when 42% of machine tools were exported worldwide, the figure for the European Community member states was as high as 58%. Export markets have been particularly hard hit by the recession.

Most international trade in machine tools takes place between the industrialised countries. About two thirds of Community exports are currently destined for markets in the rest of Europe, Eastern Europe, North America and Japan and about one third go to the developing world.

The leading producer in Europe is the Federal Republic of Germany, which is the world's second largest producer after the United States. It accounts for more than half of the Community's total production and about 26% of world exports.

FINANCF: EIB funds job creation

The European Investment Bank, the European Community's bank for long-term loan finance, lent a total of 2.54 billion pounds/2.93b IRL last year to projects designed to increase employment, to cut oil imports and to help small and medium-sized firms in Europe's poorest regions.

With unemployment at over 12 million, job creation topped the Bank's list of priorities for 1982. Loans worth about 1.8 billion pounds/2.1b IRL went to projects in Europe's poorest areas and regions worst hit by unemployment.

Loans were up by 22% on 1981 and 80% were concentrated in the four Community countries with the worst structural economic problems - Italy, Ireland, Greece and the United Kingdom. Projects were mainly found in areas enjoying special priority status under the European Regional Policy, such as the Italian Mezzogiorno, Northern Ireland, the Irish Republic and Greece.

Bank officials estimate that loans last year contributed to the creation or saving of about 58,000 jobs in Europe. Over the past seven years as many as 410,000 jobs could have been provided as a direct or indirect consequence of EIB funding, they claim.

The Bank's second priority was to channel about 780 million pounds/897m IRL into energy projects designed to cut Europe's oil imports by developing indigenous energy resources, diversifying energy imports and promoting energy savings.

Energy projects financed in 1982 could cut Europe's oil bill by the equivalent of 17.3 million tonnes of oil, 4.8 million of which will come from energy saving schemes, according to the EIB's annual report.

Over the past five years EIB energy loans have helped to reduce Europe's dependency on imported oil by an estimated 73 million tonnes oil equivalent (toe), mainly from increased European production and diversifying imports to include coal and gas.

EIB loans to small and medium-sized firms in Europe also increased last year almost doubling to 542 million pounds/623m IRL. Small firms employing less than 500 people comprise over 95% of businesses in Europe and the special problems that they face during the recession has prompted the European Parliament to denote 1983 "The Year of Small and Medium-Sized Enterprises".

BUDGET: Reform proposed

The European Community is skint. Financing the Common Agricultural Policy and other policies costs a lot and existing resources simply won't meet the bill. The problem will get worse when Spain and Portugal join.

Another problem is that spending under the existing budget does not benefit all the member states equally. 65% of it goes into funding agriculture, which is why British Prime Minister Margaret Thatcher has spent the past two years asking for a rebate for Britain.

To find a solution to the problem the European Commission has published a "Green Paper" in which it outlines various proposals for increasing the Community's resources. Commission President Gaston Thorn submitted the document to the plenary session of the European Parliament in Strasbourg in February.

It contains proposals for three different sources of finance. The first idea, and the one favoured by the Commission, is to raise the up to 1% ceiling on VAT paid by member states into the Community budget.

The second idea is to introduce a progressive element into VAT paid, adjusting contributions upwards or downwards according to per capita income in member states. Richer countries would pay more and poorer ones would pay less.

The last option is that, since agriculture accounts for more than two thirds of the budget, an additional temporary tax could be paid by states which get the most out of the CAP.

More detailed proposals on how to reform the Community's financial structures are to be made before the next European Summit, which will probably take place in Brussels at the end of March.

WINE: The sulphite story

The hunt for dangerous colorants, emulsifiers, preservatives and other suspect substances that we eat and drink every day goes on. Victor Michel, who was, until his recent death, a Belgian member of the European Parliament, began a crusade against the addition of sulphur dioxide to white wine.

He claimed that a daily intake of a quarter of a litre of white wine, plus some dried fruit and grape juice would exceed the acceptable daily dose of sulphites.

He disputed that sulphur dioxide is a necessary additive, claiming that a German producer has succeeded in making sulphite and chemical-free wines.

From a scientific point of view, hygienists agree that sulphites destroy vitamins, particularly thiamine. But they say that the human body itself creates 20 to 40 times as many sulphites as we ingest every day from food and drink.

As a result, the quantities absorbed by wine drinkers are small by comparison. The body converts sulphites to sulphates by an extremely efficient in-built detoxication system and eliminates them.

In 1981, the European Scientific Committee on human foods stated that sulphites do not constitute a health threat.

According to producers, the effect of a suppression of sulphites in wine-making would vary between different types of wine and the length of time that it was stored.

The European Commission told M. Michel that it wanted to limit sulphites, without affecting the taste of the wine. Wine technology is now so advanced that levels could be reduced, according to a Commission report submitted to the Council in 1981. A 25 mg/litre reduction would be possible for a large number of wines, say Commission experts.

FOREIGN: Apartheid condemned

The European Parliament has unanimously condemned the South African apartheid regime's military incursions into neighbouring states in Southern Africa. But it has rejected the use of economic sanctions against South Africa.

A centre-right alliance of MEP's outvoted the left by 130 to 96 to approve British European Democrat Sir James Scott-Hopkins' report, which "unreservedly condemned apartheid and abuses of human rights throughout Southern Africa".

Parliamentarians were unanimous in equating apartheid with racism, but opinions varied as to how the European Community should respond to it.

"One cannot humanise racism, one has to fight it", observed one French Communist MEP, arguing in favour of economic sanctions. He won widespread support from Socialist members.

But Sir James Scott-Hopkins, backed by the European Democrats, the European People's Party and the Liberals opposed the view and won the day, claiming that sanctions would only serve to increase South Africa's self-sufficiency and would hurt the black population.

The Parliament's resolution eventually called for a continuation of the Community's embargo on arms sales to the South Africans, but did not mention other products.

But the issue of sanctions is by no means settled. The Parliament initially condemned their use following the Soviet invasion of Afghanistan and debate is likely to continue.

The Parliament's Political Committee is to study other peaceful means of applying pressure on the South African government and their potential impact both on neighbouring African states and on Europe.

PARLIAMENT:

"Christmas olive oil"

Subsidized sales of "Christmas olive oil" should join cheap EC "Christmas butter" on European supermarket shelves in future, according to a Greek Communist MEP.

Leonidas Kyrkos made the claim in a motion in which he called for widespread structural reforms in Europe's olive oil industry, to allow it to compete with cheaper vegetable oils by reducing production costs.

Among possible innovations he listed the creation of an olive grove register, investment aid to modernise the production process, improved marketing and aids to subsistence producers in Europe's poorest regions.

Young farmers

A group of MEP's has called on the European Commission to encourage more young people to go into farming.

They say that a growing proportion of Europe's farmers are over fifty-five and that more young men and women should be prepared to replace them when they retire.

Direct Community aids to reduce heavy initial debt-burden, promotion of types of farming in partnership and training grants for young farmers could be the solution, they claim.

The parliamentarians also say that in order to prevent a rural exodus of young people, particularly women, many more small and medium-sized firms should be set up in the country, to match the incomes and attractions of the city.

Railway preservation

Railway preservation societies are eligible for European Community aid as a tourist attraction in areas of high unemployment, according to European "Regions" Commissioner Antonio Giolitti.

In reply to a written question from British Socialist MEP Barbara Castle, he said that although he could not say exactly how much had been paid out to keep old trains on the tracks, railway societies had got money from the European Regional Development Fund in the past.