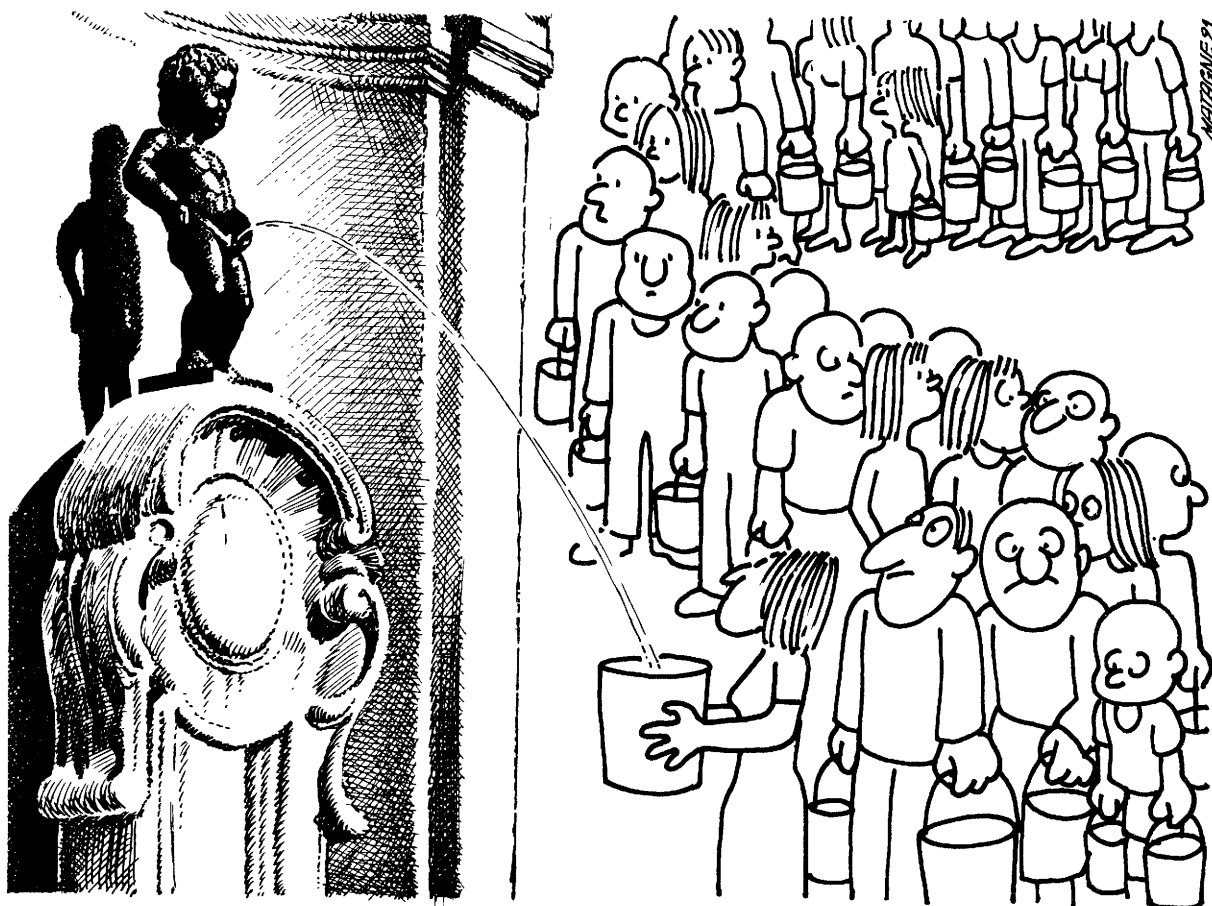


euroforum

europa day by day

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Water, water everywhere....., but soon we may be desperate. (see page 3).

X/351/77

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Editor and coordinator - Jean Pirlot

++ MORE FOR THE POOR REGIONS

The European Commission has proposed almost doubling the European Regional Development Fund to 750 million units of account for 1978. The 1977 allocation amounted to 400 mua (1ua = approx. US\$ 1.12). If the commission's request is met, regional policy will become more comprehensive, flexible and effective. The reasons for a more ambitious regional policy programme are spelt out in Annex 1.

++ WATER, WATER EVERYWHERE - BUT NOT FOR LONG.

Travel agents might well be charging supplements for tourist visits to water fountains before long. In Annex 2 Euroforum outlines what the European Commission has proposed to prevent the Community from turning into a desert.

++ PROPOSAL FOR 1978

The cost of carrying out the Community's work next year could amount to 12,512 million units of account (1 ua = approx \$ 1.12) according to the European Commission's budget estimate. A breakdown of the 1978 budget proposal is presented in Annex 3. Euroforum describes the democratic roundabout showing how it is adopted.

++ NORTH - SOUTH DIALOGUE: STILL HOPEFUL

After six months of preparation, 18 months of work and numerous marathon sessions, the representatives of eight industrialised countries (the North) and the representatives of 18 developing countries (the South) have parted on friendly terms despite their disagreements. Reviewing the months of intense debate and discussion that took place in Paris, European Commission President Roy Jenkins and Commissioner Claude Cheysson did not underestimate the work yet to be completed. Nor did they underestimate the positive results of work so far.

Community countries initiated the idea of a North-South dialogue. It was the Community which constantly stressed the importance and urgency of such a meeting and it was the Community which was present at every working group (strictly reserved for ministers) and which showed its face whenever any difficulties arose.

We are a long way from a new world economic order as sketched by the developing countries. Many problems (such as energy) have not been resolved as the industrialised countries had hoped.

But as Roy Jenkins and Claude Cheysson pointed out, it is clearer than ever, that harmonious economic development for the whole world requires hard work and not just a gesture towards the developing countries.

This demonstrates the validity of the thesis the European Commission has expanded upon for so long

++ COMBATTING TERRORISM

Terrorism is a crime and should be treated as such whatever the motive behind it. This was the resolute stand taken by interior ministers of the Nine Community countries at their recent meeting in London. The ministers also agreed that, when under imminent threat from terrorist action, the authorities of the country concerned cooperate with other countries to take all necessary measures to counter such threats. Specialised bodies in the Member States hope to exchange information on the activities of terrorists and on the best techniques to use against serious acts of terrorism. Stopping the arms traffic will be a priority issue of common interest to beat international terrorism.

++ ENVIRONMENT AT THE COUNCIL

Community ministers responsible for the environment will meet on June 14 to take another look at a few of the older cases on their files.

It was in July 1975 that the European Commission sent the Council of Ministers a proposal on titanium dioxide waste (the famous red sludge). The problem is delicate yet serious. Seventeen factories produce around 40% of the world's supplies and the necessary anti-pollution equipment could represent as much of the total production costs (see Euroforum 29/75). The environment has to be respected but so too do the rules of competition.

In January 1975 the Commission sent the Council a proposal on pollution from the pulp and paper industry (see Euroforum No. 31/75). The problem here is also serious, the bisulphate paper production process yields two tonnes of pollutants for every tonne of pulp produced.

Other urgent, though more recent files will be set before the ministers, particularly those on the management of dangerous and toxic wastes (see Euroforum No. 30/76 and 11/77) and the setting up of a monitoring network to exchange information on the quality of the Community's fresh water (see Euroforum No. 38/76 and 37/76).

++ TIME FOR A REEP

How long will it take to work for a litre of petrol?
a litre of petrol in a paper petrol? Be
They say it's

with a little caution since they reflect not only the hourly pay of industrial workers, but also the price index of the capital cities of the nine Community countries.

	1 litre of milk	1 litre of beer gravity 1040/1049	1 litre super petrol	1 litre of whisky	1 kg beef	1 kg of salted pasteurised butter
Germany	5'43"	18'11"	5'15"	2h19'22"	2h23'40"	57'8"
France	7'37"	13'47"	8'46"	3h53'18"	2h45'53"	1h20'11"
Italy	9'12"	21'5"	11'2"	3h21'39"	3h4'14"	1h49'20"
Netherlands	5'22"	9'16"	5'50"	1h54'28"	1h40'0"	1h1'43"
Belgium	5'12"	10'53"	5'31"	2h8'2"	2h0'2"	54'23"
Luxembourg	6'13"	9'6"	4'23"	1h35'10"	1h47'31"	53'50"
U.K.	5'43"	24'5"	6'57"	3h29'18"	2h26'4"	35'20"
Ireland	5'44"	28'30"	7'55"	4h 6'11"	1h43'10"	43'49"
Denmark	4'11"	13'8"	4'13"	3h15'52"	2h16'33"	39'14"

++ PUBLIC FINANCE AND EUROPEAN INTEGRATION

What place should public finance play in a federal Europe if it were to come about? The question was examined by a number of experts under the chairmanship of Sir Donald MacDougall, who met at the request of the European Commission.

They looked at the systems already in practice in five federal states (Germany, U.S.A., Canada, Australia and Switzerland) and in three centralised states (France, Italy and U.K.). They compared the systems with that in force in the Community.

Public expenditure in Community countries in 1975 was equivalent to about 45% of the Community's gross product, whilst Community expenditure only amounted to 0.7% of this same total. In such circumstances Community action can only have a small effect in reducing inequality which is one of the declared objectives of the European Community.

A federally constituted Europe is conceivable in the future when federal public expenditure would amount to 20% or 25% of gross product, as is the case in Germany and the USA. But, before that happened, public expenditure for the Community would rise to 2% or 2.5% of gross product in the early days of a federation and rise to 5% or 7% of gross Community product of even 7.5% to 10% if defence is included. At this stage a basic condition of such a feder-

-ation is that social expenditure is exclusively covered by national administrations.

The largest amount of expenditure of a prefederal Community would be allocated to structural, economic, regional and employment policies. Before arriving at this, important changes in monetary and budgetary policy can be expected. But this is a job for politicians and not economists.

++ AIR CONDITIONING FREEZES EUROPE

A Japanese company has won contracts to export 50 000+compressors to Europe . Compressors are essential to automobile air-conditioning systems but what about European manufacturers and what about the European balance of payments. Air conditioning is not often specified by European car buyers so it is not surprising that Community firms have not developed a product which can rival Japanese products technically and economically .

European parliamentarian Willy Dondelinger suggests the Commission should intervene on behalf of European manufacturers. Shouldn't the Commission then attempt to rouse these manufacturers in some way? They should first help themselves in the Commission's view.

++ SUBSIDISED SMOKING

Each hectare of tobacco grown in the Community costs the taxpayer about 2 257 units of account (1 u.a. = \$1.12 approx) Premiums given to producers for the 1975 harvest came to 184 118 000 u.a. In that year the tobacco harvest covered 81 000 hectares.

The market support system applied to tobacco is based on the quantities harvested and marketed . The subsidy per hectare consequently depends on yield per hectare.

In 1975 the premiums paid by the Community amounted to 55% of the value of the product. It should be stressed, however, that the support system used in the Community is a deficiency payments system that depends on the level of Community prices on the one hand, and the world price level on the other.

++ SCIENCE AND SOCIETY

The crisis of science in European society was the theme of a colloquium organised recently at the initiative of the European Research and Development committee, one of the European Commission's consultative bodies.

Science has lost a lot of its credibility. Public opinion looks with an increasingly sceptical eye and demands more and more to be informed of the basic aims and usefulness

of the work being carried out by scientists and researchers. Large numbers of people no longer regard the technology developed ,thanks to science and research, as a benefit. Nuclear energy is a prime example.

The public's critical attitude is partly due to the fact that most research work depends on public money. Citizens want to know exactly how their money is being spent.

Some fifty scientists from all over the Community examined this problem of communication with the public and concluded with regret on the part of some , and optimism on the part of others , that understanding between society and science has to be improved since science is, when all's said and done, the servant of society.

++ MERCURY TRACKED DOWN

Titled " The origin, behaviour and movement of environmental mercury in Europe", the European Commission has just published an inventory of scientific works on mercury.

The inventory has been compiled by Messrs. P. Zegers and R.H. van Enk of the Joint Research Centre (JCR) at Ispra in Italy, and indicates where mercury comes from, where it goes to , and what happens to it en route . It has full reference to the 52 serious scientific works that deal with mercury. This study can be obtained at the Office of Official Publications (Luxembourg PO Box 1003) by quoting the reference EUR 5660 e, in the series "Environment and the Quality of Life".

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MORE FOR POOR REGIONS

The European Commission has requested 750 million units of account (1ua = approx US\$ 1.12) for the 1978 European Regional Development Fund. The fund constitutes the main instrument of Regional Policy. If, as the Commission proposes, it is doubled - the 1977 allocation was 400mua - regional policy will be more comprehensive, flexible and effective.

Four reasons

A more ambitious Community regional policy is necessary for four main reasons:

- the establishment of the common market did much to stimulate economic growth during the 1960's to the benefit of both rich and poor regions. But it did little to reduce the gaps between them;
- the economic crisis has aggravated the problems of traditionally poor regions and created new ones;
- Community policy decisions in other areas can have unfavourable consequences for the regions;
- the persistence of regional imbalance is a major obstacle to the convergence of national economic policies without which further progress towards economic integration is not possible.

Even at times of sustained growth compensation for less-favoured regions has not been sufficiently able to resolve regional disparities. A comprehensive approach to structural change is needed, to help both regions that were underdeveloped before the creation of the Community and those that face, or are likely to face, difficult redevelopment problems.

FOUR TASKS

If the European Commission proposals are adopted, four tasks will have to be carried out:

- establishing where Community action is required through an effective monitoring system which can regularly review the situation of all the Community's regions. Then every two years starting in 1979, the Council will set priorities and guidelines to be followed by both the Community and Member States. These will be based on proposals from the Commission;
- assessing the regional impact of the principal Community policies. The Community will thus be able to take into consideration the interests of the regions concerned and, where necessary, adopt specific measures to correct any negative effects;

- coordinating national regional policies. The Commission hopes to introduce the coordinated use of disincentives to investment in developed regions and the coordination of infrastructure projects, especially in internal frontier regions, to ensure that Regional Fund and national resources are used in a complementary way;
- improving the use of the Regional Fund. The Community's effective contribution to regional development will be greatly increased by the coordinated use of all Community financial instruments, including its loan facilities.

Permanent feature

The size of the Fund -from now on a permanent feature of Community regional policy - will be fixed each year as part of the general Community budget.

The Fund proposed for 1978 (780 million u.a.) will be divided into two sections . The larger section (650m u.a.) will provide support for national regional policies as in the past, and will be based on the existing system of national quotas. The national quotas are as follows:

Italy	40.0%	Netherlands	1.7%
U.K.	28.0%	Belgium	1.5%
France	15.0%	Denmark	1.3%
Germany	6.4%	Luxembourg	0.1%
Ireland	6.0%		

Speed and flexibility

The remaining 100m u.a. (13% of total) will be used to finance specific Community action outside the quota system . The European Commission hopes the Community can intervene with speed and flexibility where new problems arise or where Community policies cause difficulties as, for example, in the Community's internal frontier regions, where the effects of integration are more perceptible.

Specific actions financed by the non-quota section will be determined by the Council ,on a proposal from the European Commission.

The scale of the task involved requires the creation of a mechanism capable of appreciating all aspects of regional problems, and requires indication of guidelines for coordinated Community and national action. The Commission considers that consultation is needed between the Community, the Member States, employers and trade union representatives , and representatives of regional and local authorities. It will put forward proposals during discussions due to take place in the Council.

WATER, WATER EVERYWHERE - BUT NOT FOR LONG

The fountains in London's Trafalgar Square and the Mannekin Pis in Brussels have one thing in common: they need water. But the way things are going the water they spout could figure as a supplement on travel agency charges. The European Commission has been looking at the problems of water supply and the protection of water resources. It has drawn up proposals to prevent the Community from turning into a desert.

Supply

The Community's total water resources are enough to cover estimated requirements up to the year 2000. But, availability of water varies considerably according to place and weather. The more man consumes water, the less there will be.

In some of the drier regions of the Community the amount of water available is already too small to meet local needs. According to a study by the United Nation's Economic Commission for Europe, Germany and Belgium are already net importers of water.

With decreasing reserves and increasing consumption, action has to be taken. More salt water could be used for cooling in nuclear power stations and other industrial plants. This would however, increase industrial activity in coastal zones which could be detrimental to the ecological balance of these areas which is already in jeopardy.

At the same time we must make sure that the quality of water for human consumption is high enough. Current water purification facilities have to be reinforced over the coming years to ensure that larger cities, where consumption is as much as 500 litres per person per day, do not run short.

Underground water resources are an important part of the Community's reserves. Studies undertaken so far, indicate that, given quality and quantity of underground water in certain parts of the Community, such supplies could provide an important contribution to meeting the Community's total needs. Proper management of underground water resources is consequently essential. In the meantime, they must be given adequate protection against pollution before becoming part of Europe's water supply.

Better use of resources.

Resources already available must be better used. The European Commission proposes to look closely at the ways natural water courses have been used. It will be necessary to examine the locations chosen for hydroelectric installations.

Nothing should be neglected in the battle against waste. The European Commission will be also looking at the possibilities offered by the desalination of sea water, taking fully into

account the cost of such an operation and the amount of energy involved. The Commission will attempt to combat evaporation particularly in dry zones where the cultivation of soil is still possible. It will look at methods to develop certain vegetation capable of retaining water.

Ensuring that consumers are fully aware of the implications of wasting water is also an important way to tackle the problem.

Reserves

A full balance sheet must be drawn up to accurately gauge the Community's water reserves. This requires a better exchange of information and technical data between countries. Predicting future demand, will at least enable forecasts of resources required to satisfy demand.

Water Research

Various studies have already been carried out by the Commission particularly on the quality of water, the amount of pollutants contained, and resulting effects on human health and aquatic life.

Organic micropollutants and the treatment of sludge were also dealt with in studies undertaken in the past.

The whole problem now has to be looked at again in order to define priority research. One problem which should be studied in the near future is that of water storage, the use of ground water, advanced physico-chemical water treatment processes for recycling, and the desalination of seawater and brackish water.

Action so far.

Up until now, Commission services have studied the possibility of introducing a European 'water plan' to enable direct intervention in certain water projects of common interest to several Community countries. In addition, the Commission has to set up a working group on water resources mainly made up of the experts who dealt with the 1976 drought. The Community's environmental action programme will strengthen efforts to reduce or eliminate pollution of underground or surface waters. The Community can now assist financially in hydroelectric and forestry projects.

But the most essential need is to link industry, agriculture and the public in the war on waste.

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BUDGET PROPOSAL FOR 1978

The cost of carrying out the Community's programme in 1978 could be 12,512 million units of account (1ua = approx US\$ 1.12) according to the European Commission budget estimate.

Public expenditure in Community countries is subject to various cutbacks. To keep in step and show a good example, the European Commission has tried to keep the increase in expenditure next year to the minimum. Certain expenditure will however be unavoidable.

In view of restrictions in public expenditure in Member States, the Commission has sought to hold the total increase back as much as possible, although some, notably large agricultural guarantee spending - is unavoidable and due to rise appreciably.

The Community budget is necessarily a financial translation of the political will to see the Community strengthen and develop. Community action need not be an extra burden on the taxpayer. It should rather take the place of action at the national level where this can best be undertaken by the Community. Expansion of the budget is acceptable when it represents Community action towards progress and improvement on national actions.

The Commission has therefore only proposed increase in those areas where balanced Community action can help resolve current economic problems. Increases are proposed for the European Social Fund, the Regional Fund and for expenditure towards structural reorganisation of industry. Spending in the energy sector has been expanded to work towards greater energy independence.

Political Calendar

Fixing the Community budget is an important political act and, as with national budgets, follows a strict procedure.

At the beginning of the year the European Commission considers what the broad elements of budgetary provisions for the following financial year should be. On the basis of a document drawn up by the Commission, Foreign and Finance Ministers meet to discuss the Community's overall budgetary problems. Actual procedure starts when the Commission establishes its own statement of estimates. It then adds to this estimates made by other institutions. The resulting document is the preliminary draft budget which, under the new budget timetable, is forwarded to the Council on June 15. The Council has 45 days to pronounce on the figures. This is usually time enough for close consultation between representatives of the Member States (who always feel that the Commission's demands are excessive), and the Commission's representatives

(who defend its requests). After it has been adopted by the Council, the document becomes the draft budget. It is then sent to the European Parliament.

A period of 45 days (not counting August) is available to the Parliament for its own examination. Parliament may propose changes to compulsory expenditure (i.e. expenditure provided for by the Treaty of Rome or subsequent Acts), and can propose amendments to non-compulsory expenditure (i.e. the remaining budget which basically covers personnel).

The shuttle continues. The draft budget, together with the Parliament's suggested modifications and amendments, goes back to the Council for a second reading. At this stage the Council, acting by qualified majority, has the last word on compulsory expenditure since Parliament can no longer change figures after the second reading. But, by contrast Parliament has the last word as regards non-compulsory expenditure. The President of the European Parliament declares the budget finally adopted. By this time it is either December 18 or 19.

The democratic process has been carried out and the Community may continue its work.

PRELIMINARY DRAFT BUDGET FOR 1978

In million Eur.units of account (MEUA) 1 MEUA = \$1.12 approx.

	MEUA	%	PERCENTAGE CHANGE
1. European Commission			
a. Intervention appropriations			
- agricultural sector	8.315	66.53	+ 14.76
- social sector	585	4.68	+ 11.61
- regional sector	750	6.00	+ 88.30
- research, energy, industry, transport	492	3.94	+ 77.64
- development cooperation sector	931	7.45	+ 80.79
- reimbursement and aid to Member States and miscellaneous	p.m.		
	11.073	88.59	+ 23.59
b. Operating appropriations			
- Staff	403	3.13	+ 17.04
- Administration	108	0.84	+ 11.00
- Information	13	0.11	+ 64.72
- Aids and subsidies	45	0.36	+ 25.38
	569	4.44	+ 17.24
c. Contingency reserve	7	0.06	+ 75.66
d. Reimbursement to Member States from own resources	650	5.20	+ 6.08
Total Commission	12.298	98.29	+ 22.24
11. Other Institutions	214	1.71	+ 15.00
GRAND TOTAL	12.512	100.0	+ 22.10

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