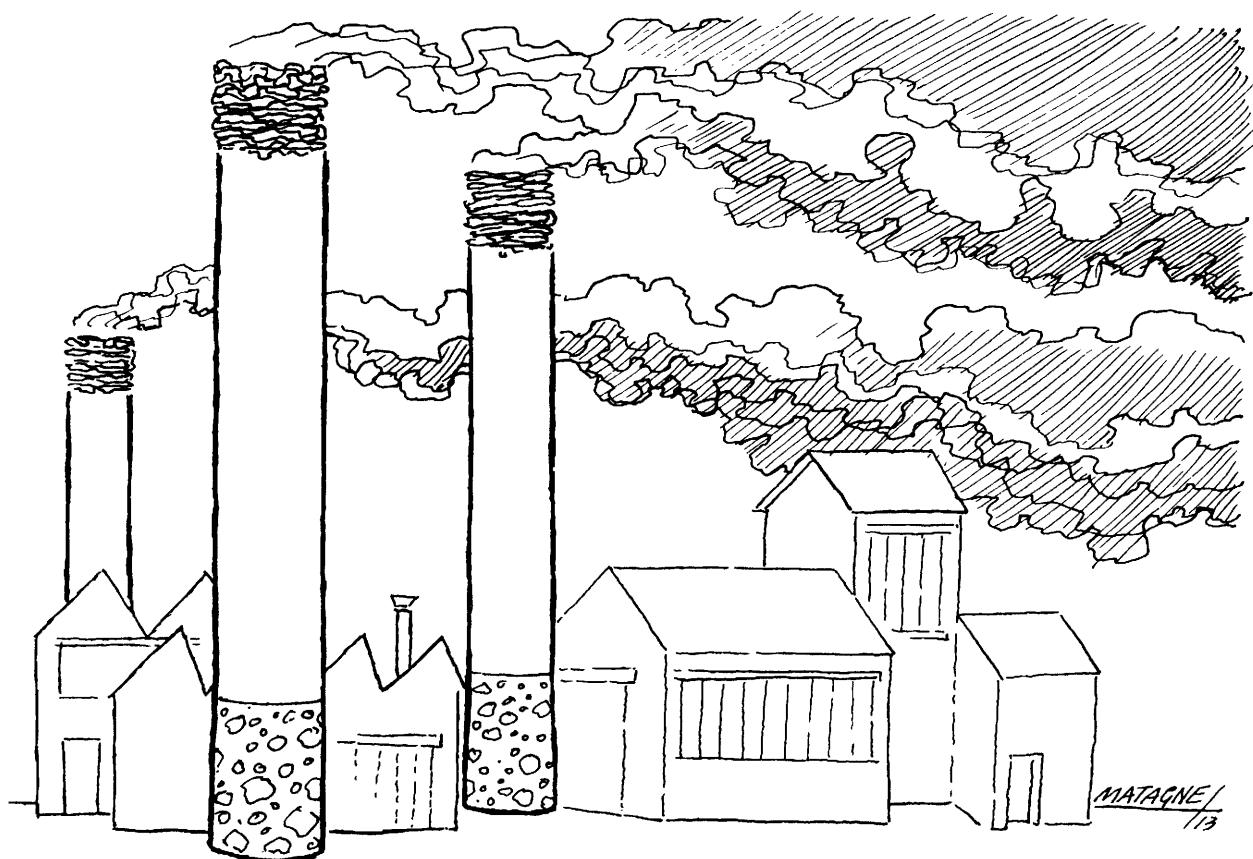


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Four hundred billion cigarettes went up in smoke in 1975
(see page 3)

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++ 400 BILLION CIGARETTES

In 1975 around 400 billion cigarettes went up in smoke throughout the Community . Despite numerous anti-smoking campaigns ,tobacco is still a major sector in the Community's economy. Rather than decrease ,it has shown a continual increase over the last 15 years. In Annex 1 Euroforum looks a bit more closely at the problem.

++ COMMUNITY AID TO DEVELOPING COUNTRIES

Since the Lome Convention came into force in April last year there has already been significant progress in relations between the Community and the 52 African ,Caribbean and Pacific (ACP)countries. In Annex 2 Euroforum takes a look at the achievements of the first year of cooperation between the ACP and the EEC.

++ CONSUMER PRICE INDEX

The consumer price index for February 1977 (1970 = 100) issued by the Community's statistical office is presented below.

Country	Index	Variation	
		Jan.77-Feb.77	Feb.76-Feb. 77
Germany	144.7	+0.6%	+4.0%
France	175.5	+0.7%	+9.0%
Italy	Not available		
Netherlands	171.3	+0.7%	+7.4%
Belgium	171.4	+0.8%	+8.1%
Luxembourg	163.5	+0.7%	+8.1%
United Kingdom	238.2	+1.0%	+16.3%
Ireland	240.6	+3.8% (1)	+16.7% (2)
Denmark	178.8	+0.1%	+11.8%

(1) Variation 15.1.77 - 15.2.7

(2) Variation 15.2.76 - 15.2.77

++ EUROPEAN REGIONAL CONFERENCE

At the last session of the Economic and Social Committee of the European Community the idea of a European conference for the regional authorities was put forward. After examining how regional development can contribute to solving such as unemployment and inflation by improving the distribution of the working population, the Committee expressed the wish that, under the guidance of the

European Commission, artisans benefiting from regional action could meet to exchange information and experiences and at the same time learn more about types of regional aid available from the European Commission.

++ PRICE OF MEDICINE

A leveling out of pharmaceutical prices is taking place within the European Community and is the desirable consequence of a common market with free movement of goods. Already various regulations adopted by the European Community have encouraged the harmonisation of national legislations as well as healthier competition between producers of medicines.

The price of medicine is not only a commercial problem; it is a social problem insofar as it is connected with re-imburement of the cost of medicines by social security in each country of the Community. In order to examine the different aspects of the problem (and in particular the relevant national legislations) the Pharmaceutical Committee, set up by the Council of Ministers in June 1975, has put medicine prices on its list of priorities.

++ COMMUNITY OIL RESERVES

Total Community oil reserves stand at about 1.600 million tonnes of crude and 150 million tonnes of condensate, according to official estimates provided by Member States of the Community. These estimates apply to "proven" reserves, including those in maritime zones. If we take account of "probable and possible" reserves, these figures may be raised to 3.200 million tonnes of crude. These estimates do not take account of prospects in overseas territories.

One should note however that the figures concerning reserves are continually changing: they rise each time that new beds are discovered and diminish every day as the oil is extracted from them.

++ CONSUMERS AND THE LAW

The legal and semi-legal means of protecting the interests of consumers, and more particularly the creation of procedures of simplified arbitration, were the subject of a colloquium organised in December 1975 by the European Commission in collaboration with the University of Montpellier (see Euroforum No. 2/76).

The Commission has produced a report summarising the problems brought up during the course of this colloquium and the solutions which had been proposed. This report was sent to the European Parliament at the end of 1976 and will be subjected to detailed examination by a group of national experts. Following the results of this examination, the European Commission will present, if required, proposals to the Council of Ministers.

++ AID FOR YOUNG RESEARCH WORKERS

More than 3.000 young research workers and scientists benefited from financial aid from the European Community between 1963 and 1976. Particular emphasis in aid distribution was put on exchanges of students, scientists and engineers between the teaching establishments of one country and the research centres of another

Community country.

In the Community's new multiannual research programme for 1977-1980, grants will be distributed by establishments of the Community's Joint Research Centre for end of study theses. Other grants will be given for post-university studies in the Community's research institutes with which the Commission has contractual links. Post graduate grants will also be given so that their beneficiaries can deepen their knowledge of the Community's research programmes, notably in interdisciplinary fields.

++ MEDITERRANEAN FARMING

The gap between the Community's rich and poor regions does not cease to grow and it is the Mediterranean regions that present the most serious problems, for people as well as firms. In order to prepare policies that the European Community will have to undertake in its Mediterranean regions, the Commission has made an overall analysis of the situation and formulated some proposals in the agricultural sector.

With regard to agricultural structures the Commission feels it essential to help rationalise production (fodder and protein growing mainly) and more particularly production in the areas where irrigation programmes are in progress or planned.

The Commission also feels that it is necessary to modify market organisation especially for olive oil, wine, and protein products as well as determining the organisation of a market for beef.

For fruit and vegetables, both fresh and processed - one of the major problems of these regions - the Commission advocates an improvement in the organisation of the market, so as to better insure Community preferences, the stability of prices and the flow of fresh products towards processing.

++ ETHYL ALCOHOL

During the 1974-75 marketing year the Community produced 7.468.000 hectolitres of ethyl alcohol of agricultural origin, and 6.970.000 hectolitres during the 1975-76 marketing year. Below are the production figures by country (in I.000hl A.P.), according to statistics provided by Member States.

<u>Country</u>	<u>1974-1975</u>	<u>1975-1976</u>
Germany	I.000	906
France	2.859	2.373
Italy	2.047	2.038
Netherlands	660	688 (provisional figures)
United Kingdom	524	507
Belgium	219	238
Ireland	56	65
Denmark	I03	I55

400 BILLION CIGARETTES

Four hundred billion cigarettes went up in smoke in the Community during 1975. Despite various anti-smoking campaigns, tobacco is still a major sector in the Community's economy and rather than decrease, it has shown a continued increase over the last 15 years.

Europe and the world

Over the last decade world tobacco production has risen 23% and in 1975 it reached a record level of 5.4 million tonnes. During the same period, Community production has climbed 42% from 109.000 tonnes to 155.000 tonnes. This, however, still amounts to less than 3% of world production.

Given the Community's level of production and consumption it has to import the majority of its needs. With the accession of Ireland, Denmark and the United Kingdom, imports have increased yet again.

	<u>EUR-6-</u>	<u>EUR-9</u>
Production as % of world production	2.8%	2.2%
Consumption as % of world consumption	8.0%	12.0%
Level of self-sufficiency	33.0%	20.5%
Net imports as % of world imports	35.0%	50.0%

Eighty per cent of the manufacturing industry's requirements have to be imported. Fifty to fifty-five per cent of world tobacco imports are to the Community, the equivalent of 500.000 to 550.000 tonnes. The world's largest tobacco exporter - the USA - sends about half of its 280.000 tonnes for export per year to the Community and is naturally enough Europe's biggest supplier. Other principal suppliers are Brazil, India and Turkey.

The Community's own tobacco production varies greatly from country to country:

<u>Country</u>	<u>Surface area</u>	<u>Production</u>	<u>Self-sufficiency</u>
Italy	49.242 ha	32.733 t	100%
France	19.800 ha	51.575 t	45%
Germany	3.941 ha	10.186 t	5%
Belgium & Luxembourg	49 ha	1.848 t	5%
Other Countries	-	-	0%
Community	73.477 ha	156.342 t	

Despite its total self-sufficiency Italy still exports almost 50% of its production and still imports tobacco to produce "American Blend" cigarettes.

Tobacco cultivation is done very much on a family basis in the Community, and the average plantation size is less than 0.6 ha. There are some 120.000 tobacco growers working scarcely 73.000 ha which is less than 2% of arable land. In addition there are more than 300.000 agricultural workers involved in the cultivation and initial processing of raw tobacco. Given that tobacco production is also highly concentrated, the figures give an idea of the product's importance in the economic and social development of certain regions of the Community.

As with all other agricultural produce the Common Agricultural Policy is geared to encourage the free movement of the product and to guarantee the producer's income. To achieve this double objective however, it has been necessary to modify State monopolies which, as in France and Italy, were managing the national markets and thereby affecting 90% of Community production.

Not forgetting health

It is not only market management that concerns governments. In the name of health protection, vast information campaigns against smoking have been launched in Germany, the UK, Luxembourg and France. This concern has also been shared by the European Commission.

Despite all the measures taken so far, it would seem there has been little reduction in tobacco consumption. Action has been taken on various fronts: public information, advertising restrictions, smoking bans in certain public places, scientific research into the dangers of smoking etc. The existence of a common market has in many ways reduced the impact of national information campaigns. For example, cigarettes imported into the UK do not have to carry a health warning on the outside of the packet, whereas all UK produced cigarettes are obliged to. Television and advertising bans, which exist in many countries can be got round by way of the radio and TV stations which can be picked up from outside national frontiers.

National action against smoking could be usefully complemented by action at the Community level. Informative labelling of pre-packaged goods, for example, could be extended to cigarettes so that every packet should mention the nicotine and tar content. The written warning on the packet could also be extended throughout the Community and the advertising ban could be extended throughout the Nine.

To stop Europe coughing something has to be done soon.

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COMMUNITY AID TO DEVELOPING COUNTRIES

The Lome Convention came into force one year ago on April 1st 1976 setting out areas of cooperation between the European Community and 52 African, Caribbean and Pacific countries known as the ACP. Through trade cooperation, technical, industrial and financial cooperation, the European Community is today the largest source of aid for the developing countries.

Trade cooperation

The Convention's trade arrangements were put into operation on July 1, 1975 in advance of the Convention itself. Through this measure more than 99% of imports from the ACP States were guaranteed free access to the Community market. Certain problems have demanded particular solutions as has been the case with beef. In spite of the fact that safeguard measures are being applied in this sector the Community accords four exporting ACP States with far more favourable treatment than they would receive if the provisions of the Convention were strictly applied. For these countries it allows imports of certain quantities corresponding to the amounts traditionally imported and grants a reduction of 90% on normal import charges. In this way the trade flow in certain products of importance for the economy of a given ACP country has been maintained.

The ACP's exports to the Community represent on average 50% of their total exports in the latest years for which information is available (as against 15%, for example, to the USA). In certain cases (groundnuts, palm oil, bananas, hides and skins) almost all sales are on the European Market.

Sugar

Sugar represents around 60% of ACP countries total exports, equivalent to 1.400.000 tonnes of cane sugar. In view of its economic importance, sugar was the object of a special protocol annexed to the Lome Convention. In addition to reciprocal undertakings to purchase or deliver specific quantities, prices guaranteed to the producing countries are virtually indexed to the prices guaranteed to Community producers.

Although there have been difficulties in running what is a totally new system, the stabilising role of the mechanism has been evident, particularly when seen against sharp price fluctuations on the world market over the last few years. Although the guaranteed price was fixed at a lower level than the current world price when it was first negotiated, the situation has since been completely reversed. The guaranteed price fixed for the last year is on average at least twice as high as world prices.

"STABEX"

To guarantee the income of the countries signing the Lome Convention a special system named "Stabex" was devised to provide protection not only against export losses resulting from

from a deterioration in the economic situation but also against losses caused by a drop in the production attributable to circumstances or natural disasters. It can be seen, moreover, that this mechanism does not benefit exclusively or pre-dominantly the relatively more developed countries that already have a reasonable supply of exportable resources, since 57% of the transfers (out of a total of 73 million units of account - I u.a. = I.I2 US dollars approx.) go to the least developed countries (in the form of grants). This trend is expected to become more marked for I976 when transfers in the form of grants to the least developed countries could account for approximately 77%.

Financial and technical cooperation

Even before the Convention entered into force the preparatory work was well under way and it was possible to make rapid progress with the "programming" of Community aid.

This programming has since been completed for all the ACP countries and each now has its indicative programme based on the priorities set by each country, which defines, within a given financial framework, the projects for which a contribution from the European Development Fund (EDF) can be considered.

The breakdown by sector of the projects included in these programmes reflects the importance generally ascribed to rural development - 36% of total programmed aid. But industrialisation, economic infrastructure and social development account for 11.9%, 27.2% and 15.4% respectively. In one year financial commitments for 168 projects were made amounting to 565.5 million u.a. or almost 20% of the funds available to the EDF.

Industrial cooperation

The various industrial projects on which the European Investment Bank (EIB) has already taken financing decisions indicate that cooperation has got off the ground very quickly in this field too.

A particularly important institution in industrial cooperation is Centre of Industrial Development which has the dual function of encouraging exchanges of information and arranging contacts between EEC and ACP on the one hand and seeking openings for industry in the ACP on the other. The Centre should also help steer investment decisions in the right direction by providing a better picture of marketing prospects, particularly on the Community market.

The Centre's preliminary work already involves more than 300 projects, 82 of which have been submitted by European industrialists interested in investing in ACP countries.

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