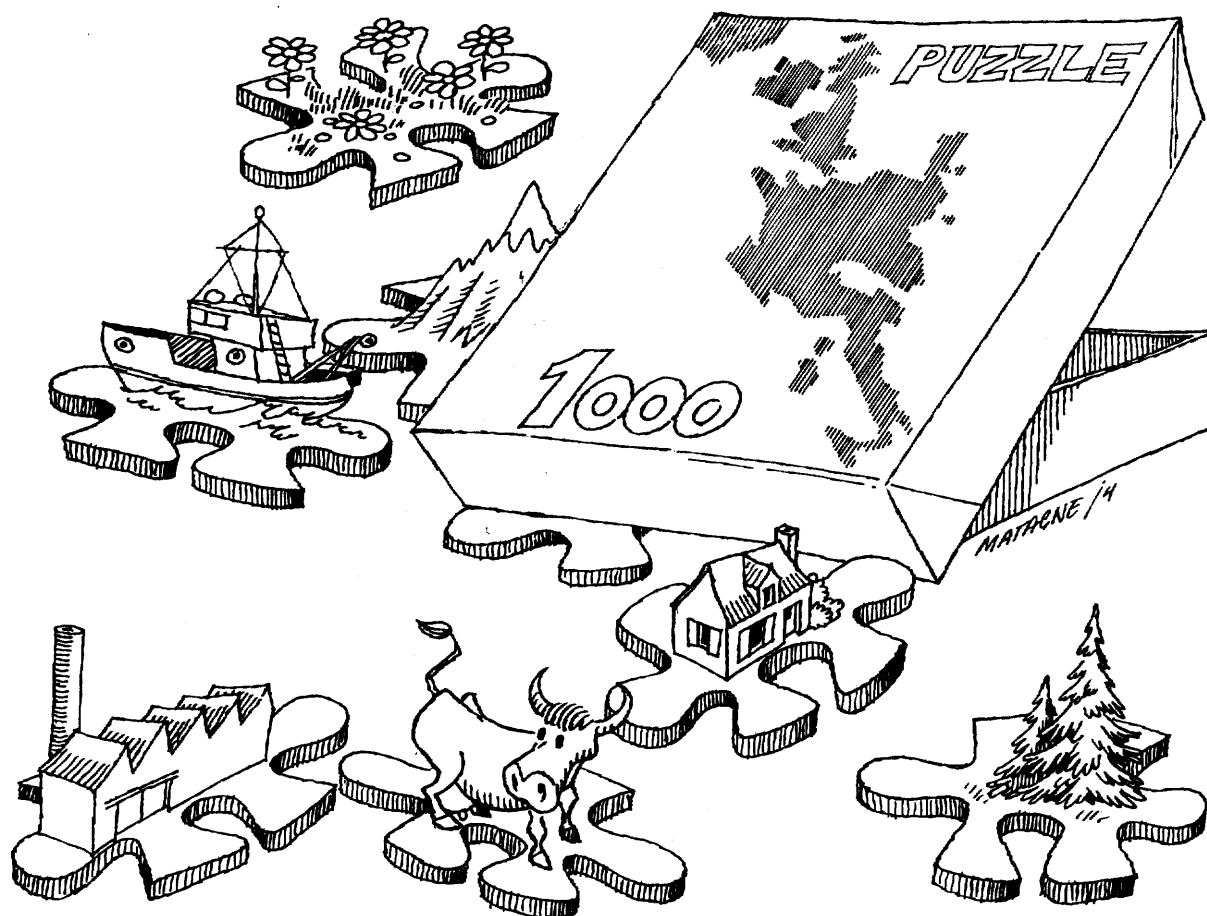


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An ecological map of Europe is being pieced together by the European Community (see page 3).

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++ ECOLOGICAL MAP OF EUROPE

The gulf between those who know and those who make decisions is large. To relate town and country planning more closely to the needs of the environment, the decision makers need to have the knowledge of the specialists at their finger tips, in a concise and intelligible form.

In Annex 1, Euroforum discusses the ecological map of the Community which the European Commission is working on.

++ THIRD WORLD AND PROTECTIONISM

The economic rise of the third world does not threaten the survival of European industry in the view of Claude Cheysson, European Commissioner responsible for development. The Community could, however, find a means of improving its own growth through improving the interdependence between itself and developing countries.

Euroforum outlines the Commission's views on investment in the third world in Annex 2.

++ HEALTH OF THE CAR INDUSTRY

In the midst of economic crisis, the European car industry is a possible springboard to prosperity. Since 1975, several production records have been broken, but difficulties could emerge after 1980.

In Annex 3, Euroforum gives a country by country breakdown of the industry's health.

++ FISH : EUROPEAN SET-BACK

The set-back to the European Commission's efforts of 31 January to establish a common fisheries policy (see Euroforum N° 3/78) transcends the problem of fish itself. It has been interpreted as a veritable set-back for Europe, the consequences of which could affect all sectors of the Community.

++ COMMON FOOD POLICY

The European Bureau of Consumer Organisations (BEUC) has taken up a firm position on the common agricultural policy (CAP). They take the view that the policy should be transformed into a global food policy, giving equal weight to both the consumer and the farmer. The consumer's needs are threefold : reasonable prices, good quality goods, security of supply. The farmers have a variety of needs but, BEUC stresses, aid given through the price policy is ineffective. BEUC would prefer the aid to be given to certain farmers through taxation rather than by food price increases.

The European consumer organisation has also suggested that the current surplus be distributed for the benefit of consumers, both in the Community and the third world, rather than turned into subsidized exports.

++ TOAST TO THE TAX MAN

A nice glass of red or white wine not only gives pleasure to its consumer, but also feeds the coffers of the state. The excise duties and VAT levels levied on table wine (made from grapes) on 1 October 1977 was as follows (13° wine):

<u>Country</u>	<u>Excise rate per hectolitre in European units of account (1 EUA = + 1.2 US dollars)</u>	<u>Rate of VAT in %</u>
Belgium	31.93	25
Germany	-	11
Denmark	106.43	18
France	1.64	17.6
Ireland	77.19	10
Italy	-	14
Luxembourg	17.26	5
Netherlands	32.17	18
UK	109.14	8

++ EUROPE ON THE AIR

Whilst cable television has enabled the "box" to by-pass a number of national frontiers, the European TV viewer is not yet in the position to receive all the TV stations within the Nine. To accomplish this, a certain number of technical points still have to be overcome and perhaps more importantly the position of the state monopolies which run the TV networks in certain countries will have to be redefined. In addition, the legislation relating to performers' rights will have to be harmonised within the Nine. This latter problem is currently being studied by the European Commission.

++ RETAIL PRICES

Each year, the European Commission publishes a Community-wide retail price survey. Its basic aim is to show up the disparities which exist between the prices of identical goods in different parts of the Nine. Why these price differences exist is what the Commission then proceeds to examine and, where

necessary, draft appropriate Community-wide directives. One such directive is already in the pipeline. It covers the marking and display of prices and should bring greater transparency to the market in respect to retail prices.

++ DUSTBINS OF EUROPE

When a cloud of red smoke belches out of a factory chimney or when an oil slick starts to threaten marine life, pollution takes on a very visible and spectacular form, the alarm goes out, press and TV take up the case and the hunt for the offenders begins. Most frequently, the type of pollution which is destroying our environment is much less visible than this, but even more insidious.

Various types of pesticides, fertilisers and detergents find their way into our water courses and oceans, as do a lot of our industrial wastes. Many pollutants find their way into the atmosphere. It's as if water and air are the dustbins of Europe.

The European Commission has been deeply concerned about the health risks to man from both inhaling such toxic substances and taking them into the body by way of drinking water or the food chain. Between 1972 and 1976, the Community coordinated two major studies to find the basic answers to these questions. Provisional results reveal that the number of toxic or carcinogenic substances discharged into our waters is as high as 1,200. Much of their toxicity is not removed by the purification treatment it receives before we drink it. And worse still, the addition of chlorine or ozone to the drinking water can make some of these substances even more harmful still.

To evaluate the inherent health risks more precisely, and refine our monitoring techniques, the Commission is proposing to launch a new programme covering the analysis of micro-pollutants in water.

A second concerted programme will study the physico-chemical behaviour of atmospheric pollutants, to clarify how these pollutants break down in the atmosphere, how they can be eliminated, and to assess their impact on human health and the environment.

The Commission's role will be to coordinate research in these areas over a four year period. The basic research will be undertaken by Member States and the Community's Joint Research Centre. Other countries interested in these projects may also participate. The Commission's financial contribution will be 600,000 European units of account (1 EUA = + 1.2 dollars) for the water research and 500,000 EUA for the atmospheric study.

++ FREE MOVEMENT FOR GYPSIES

It is perhaps not unnatural for gypsies, travellers as they are, to wish to feel citizens of Europe. The World Gypsy Congress has found it necessary, however, to set up a "Romany Committee" for the countries of the European Community. Their basic reasoning is that the treatment of their various nomadic groups varies greatly from country to country. In some, they are welcomed into well equipped camps, in others they are forbidden to stay more than 48 hours in one place. The new Committee is campaigning for free movement rights throughout all Community countries and the creation of authorised camping sites in each country.

++ EUROPE'S UNIVERSITY

The European University Institute of Florence has just completed its first year and during the 1976-77 academic year, 67 researchers working on PhD theses or advanced research, took part in seminars in the four main areas of the Institute - history and civilisation, economic sciences, legal science, political and social science.

Max Kohnstamme, President of the Institute has been drawing his conclusions from the first years activity. To meet the needs of contemporary Europe, the Institute should be a university centre completely devoted to research and training students for research. This implies three concrete tasks:

- training young researchers for specific European research work in the social sciences and humanities;
- collating information on this sort of research work being undertaken in Europe (the absence of such documentation causes great waste of energy and resources);
- carrying out major research projects of European interest through cooperation between university teams or other research institutes in the Nine.

++ TOWER OF BABEL

At the end of last year (15.11.77), the linguistic service of the European Commission employed precisely 731 translators and 321 interpreters.

++ GEO THERMAL ENERGY

In addition to nuclear energy and nuclear safety, the European Commission carries out research and development work on a number of our energy sources for the future. A seminar on one of these, geothermal energy, was held in Brussels 6-8 December 1977, and the Commission has just published the reports from the proceedings.

The two volumes of summaries are available from the Office of Official Publications, P.O. Box 1003, Luxembourg, priced BF 1,400 or equivalent (each of the papers given is summarised in the language of the speaker).

++ SECOND HAND VAT : CORRIGENDUM

It was incorrect to state (Euroforum N° 4/78) that the rate of VAT to be applied to second hand goods in the European Commission's proposal would be 30%. According to the Commission's proposal, a standard percentage of the selling price - the figure suggested is 30% - is taken as the taxable amount for VAT purposes. The precise level of tax would be fixed by Member States.

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ECOLOGICAL MAP OF EUROPE

Prevention is better than cure and, as was pointed out in the Council Resolution of 17 May 1977, the most effective form of environment policy is to avoid the creation of pollution and nuisances at source, rather than try to counteract their effects at a later stage. In the environmental field, however, the gap between principles and practice is immense.

Many environmental problems or potential problems could be reduced or eliminated if the relevant scientific data was readily available and could be fully taken into account by the decision makers who approve the setting up of new factories, installations, etc. For example, a new chemical factory might be an attractive proposition for some of Europe's high unemployment regions. But if the regions concerned already have a high concentration of similar types of industry, the local environment may be nearing its saturation point. The threat could be to the atmosphere, local water courses and groundwaters or perhaps even to local forests or leisure areas. In any case, such an industrial location decision should have full information available on the potential impact of such a project.

Those who know and those who decide

Experts and specialists accumulate a wealth of detailed informative studies on different aspects of the environment. For decision makers to make use of such information, however, they have to consult the different specialists working in each individual field. The number of specialists involved may be high. Lacking easily available information in a concise intelligible form, planners may find it difficult to take all relevant factors into consideration when making decisions.

As Jean Monnet wrote in his memoirs, we need to find a common language between those who know and those who decide. It was with this in mind that the Council of Ministers launched the project for an ecological map of Europe in November 1974.

Describing the environment

The basic aim of the ecological map is to define the state of the environment scientifically and in terms that can be understood and used in town and county planning and environmental policy.

With such a clear indication of the environmental situation in any given region, economic and social demands can be directly related to ecological supply.

If, for example, it could be established that a certain region had remarkably rich farm land, it should consequently be protected from unrestricted urbanisation which would waste this potential.

Unity in diversity

The basic aim of the ecological mapping of the Community is to collate all information concerning the environment and to present it in a summarised and comparable form. The problem of an area as large as the Community is that environmental problems are not the same and do not have the same degree of importance in all areas. Priorities can diverge significantly from one country to another. Consequently, the ecological map has to be drawn up using a simple and flexible, basic methodology, one which can cope with regional diversity and also be expanded to deal with new problems.

Community squares

For the purposes of the ecological map, the Community has been divided up into basic units of one square kilometer, and the environmental aspects of each square kilometer evaluated : air, quality of soil, attractiveness for recreation, etc. In making this assessment, a balance is drawn between the natural potential of the area and the different pressures it is subject to.

At the beginning of 1977, a meeting of scientific experts scrutinised several technical aspects of this method, and concluded by confirming its basic validity.

Method in action

All that now remains is to test the methodology in operation. The Commission has selected eight regions which are representative of the diversity of the whole Community : Alsace and Provence (France), South Yorkshire (UK), Mayo (Ireland), Basilicata (S. Italy), Thy (N. Denmark). In addition, two studies of frontier regions will be undertaken : the Belgo-Luxembourg Ardennes, and the Dutch-German Unter-Ems (in this area, the situation is complicated by the fact that the two countries are pursuing different policies, i.e. a very strict environmental approach in Holland, and a policy of industrialisation in Germany).

Additional case studies of coastal and mountainous areas have also been proposed.

Other projects have been drawn up to examine the usefulness of computer techniques and the usefulness of remote sensing techniques.

Four phases

These studies are being undertaken by independent experts in collaboration with national authorities and are already well under way. The one dealing with the Belgo-Luxembourg frontier is almost complete. The results of the projects will enable the pilot method to be adjusted and refined and then submitted for the approval of the Council of Ministers. This will be the first stage in completing the ecological map.

If the Council gives the green light, the second stage of defining the application procedures for Member States will commence. In the third stage, national dossiers will be compiled for comparative analysis at the Community level. In the fourth and final stage, the Commission will draw up proposals which result from examining the ecological map.

Yet another technocratic instrument?

The accuracy of this method is not everything. The proof of the pudding will be in the ability of the map to assist decision makers. The map will present a visual comparison at the Community level, of the interdependence between economic development and environmental management. With such a data bank at their finger tips, our decision makers should be able to evaluate with a high degree of accuracy whether this or that industrial project will be compatible with the ecological state of its intended location. The ecological map is basically an instrument to improve town and county planning and the management of our natural resources.

Many levels

This method can be used at various levels. In Member States, the authorities can use it for their own land management. At the Community level, it will point out specific areas and regions where action is required. Such a synthesis of the Community's environment should enable ecological factors to be integrated into the other areas of Community policy (agriculture, energy, etc.), and also refine the Community's own environmental policy.

More Community power?

Michel Carpentier, head of the Commission's Environment and Consumer Protection Service, has replied to the fears expressed by some that Community power over rural planning will be increased, by stressing that it is only the environmental protection aspects which will be dealt with at the Community level. The Community's role is essentially one of a coordinator and a catalyst in this important ecological project.

THIRD WORLD AND PROTECTIONISM

In the midst of recession, the economic rise of the third world appears as a direct threat to many industrial sectors. For some, it appears to threaten their survival. Faced with the transformation of developing countries into significant powers on the world scene, there has been a tendency to react negatively and call for protectionist measures, if only to save jobs. Given the Community's high level of dependence on third countries, such a protectionist policy would be suicidal. This is the view expressed by Claude Cheysson, European Commissioner responsible for development and cooperation, at a recent press conference to encourage European investment in developing countries.

The alternative response to the crisis situation is to adopt a voluntarist policy and to instigate a consultation procedure between the European Community and the third world, so that the two parties can develop in harmony. This is the only path open to us, Mr. Cheysson continued.

Such consultations would be particularly important in identifying the types of industrialisation which are the most "self-activating" for the third world. The European Community should accept and encourage this type of development the Commissioner stressed. By contrast, the Community has no reason to assist investment in industries which are owned by outside countries or multinationals, and who rely on abnormal working conditions (child labour, long hours, no job security, etc.)

Converging interests

Such a consultation procedure should help change the current investment situation which has seen a total stagnation in the flow of investment from the Community to developing countries since 1972, and a dramatic drop in long term investment, particularly in the mining sector, where exploration expenditure in the third world by European countries sank to 13% of its total compared to 57% in 1961.

European investment in developing countries is the point of convergence of different interests:

- Developing countries need to increase their factors of production.
- Importing capital, know-how and management could help them.
- The European Community vitally needs to enlarge its investment in developing countries to diversify its raw materials supply, to give a solid base to its trade with

the third world, and finally to reinforce the presence of its industry and commerce against international competition in third world markets. This sort of investment can stimulate an economic upswing without aggravating inflation.

- Private companies are looking for the most favourable industrial locations - both from the point of view of production costs, raw materials and energy supply, and market access.

Investment climate

Due to various factors and notably European investors' fears concerning expropriation and interference in management, the investment climate is not good. No solution has been found to the problem of investment security on the world scale. National systems within the Community tend to be somewhat unbalanced and do not cover plurinational activities. By contrast, the European Community could be the right dimension for introducing such measures, which rather than substitute for national measures, could effectively complement them.

The European Commission is proposing that rules governing investment security be negotiated between the European Community and the developing countries. It would be necessary to establish rules of conduct for investors and host countries, for example, regarding transparency and stability of investment conditions.

In the second place, the Commission suggests encouraging particularly interesting projects such as mineral exploration through measures such as specific protection agreements on a case by case basis, Community guarantees and public financial contributions.

The European Commission has forwarded a report to the Council of Ministers detailing these views and hoping thereby to stimulate further discussion throughout the Community.

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HEALTH OF THE CAR INDUSTRY

Despite the economic difficulties facing Europe, the car is doing well, but 1980 could mark a turning point. On a country by country basis, the situation is as follows (no figures available for Denmark and Ireland) :

GERMANY : SATURATION POINT

A new record for car registrations was reached in the Federal Republic of Germany in 1977 with an increase of 10% over the preceding year. For 1978, however, the steam should go out of the market somewhat and is unlikely to return until 1980. The current rate of motorisation, 480 vehicles per 1000 persons, is close to saturation point.

The increase in German exports in 1976 and 1977 - in spite of unfavourable currency movements - is much to the credit of the policy of the car manufacturers and also explains the low 22.5% level of penetration by foreign manufacturers into the German market in 1977.

Production in 1977 is estimated at an all time record of 3.7 million vehicles. A slight downturn is expected over the next two years, though the market should pick up in 1980.

BRITAIN : RECOVERY PERIOD

For the car market in the UK, 1977 marked the beginning of a convalescence period, and during this recovery period (1978-80) a growth rate of more than 10% is anticipated, which should result in 1.84 million vehicles in 1980.

The malaise of the UK car industry offers little hope for increasing exports. In 1977, by contrast, imports with a total of 620,000 units, will break all records and could rise to 700,000 over the next two years. In spite of intense competition, the increase in internal demand is expected to stimulate domestic production, which in 1977 faced its most critical period for the last fifteen years.

FRANCE : SECOND WIND

In France, the automobile market is beginning to get some colour into its cheeks after its poor showing in 1975. Vehicle registrations have increased from 1.51 million in 1975 to 1.91 in 1977, and are expected to top the 2 million mark in 1978.

French exports are also on the up, and should similarly reach the 2 million mark.

The total volume of imported cars represents 22% of the market. Germany and Italy account for the lion's share, with 215,000 and 92,000 respectively out of 420,000. The UK and Japan, in contrast to E. European countries, will improve their shares.

French production in 1977 should exceed the 3 million mark and reach 3.4 million by 1979.

ITALY : SLIGHT IMPROVEMENT

The downward trend in the Italian market has been a serious cause for concern since 1973. As from 1977, there has been a slight improvement and in 1978, it should show an 18% increase on the preceding year. Despite the socio-economic malaise, the market which is still basically in its first stage of motorisation, will be kept buoyant by strong demand in the replacement market, and general increase in demand for cars.

Benefiting from favourable trends on the European car market, Italian exports increased in 1977, though at a slower rate than in 1976. Exports for 1978 are anticipated at some 715,000 units, representing a slight improvement on the year before.

BELGIUM-LUXEMBOURG : CONSOLIDATION

The replacement car market in Belgium is expected to continue favourably, though demand for new cars is expected to decrease sharply over the next five years.

On the imports front, Germany is still a leading supplier though France and Italy have improved their rate of penetration and should make further gains over the next two years. Japanese cars continue to make great inroads and currently have a 20% market share which should rise to an estimated 85,000 vehicles in 1978.

The volume of assembly work, which depends on manufacturers in other countries, is expected to drop by about 2% on account of decreased domestic demand.

HOLLAND : CONTINUED GROWTH

Registrations have grown from 400,000 to 560,000 in three years, demonstrating the healthy state of the Dutch automobile market, since 1974. This is due to strong demand in the replacement market which should keep the market lively until 1980.

New demand however, appears to be stabilising and should decline after 1980. These two factors together will result in a moderate 1.7% increase in registrations in 1980.

Given the low volume of Dutch production, 97% of new cars will be imported, principally from Germany and France, though imports from the latter are likely to decrease in the future, whilst Germany will increase its share. The Japanese will also make considerable inroads into the Dutch market. Their 20% share in 1978 should rise to 22% in the following year. Italian manufacturers by contrast will only have 7% of the market in 1977 as against 10% in 1972.

GENERAL PICTURE : IMPROVEMENT BUT TROUBLES AHEAD

Since 1975, the European car industry has made a spectacular come-back and has in some cases beaten all previous records.

With fortunes varying from country to country, the overall improvement has strengthened the general economy of the Community. This favourable trend should continue until 1980.

Medium term forecasts (1980-85) are more difficult and Community industry should be faced with greater pressure from Japanese cars, other third countries, compact cars from the USA, or even rapid changes in technology, which all amount to increased international competition after 1980. This will require greater efforts from European manufacturers to develop technology and increase their competitiveness.

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