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EUROFOCUS wishes its readers a Happy New Year and sends them fraternal greetings for 1986.  
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### THE TWELVE: The Ten welcome Spain and Portugal into the Community

The 12-nation European Community will become a reality on January 1, with the entry of Spain and Portugal after years of negotiations, followed by the signature of the two treaties of accession and, finally, their ratification during recent months by the various national Parliaments. Television stations throughout the enlarged Community are expected to mark the occasion with a brief program as the new year is ushered in.

The new Community will have a total population of 320 million. This is far more than the United States (234 million) or Japan (119 million) and is roughly 7% of the world population. It will have an area of 2.25 million square kilometres - which is six times that of Japan but less than one-quarter that of the United States.

The 12-nation Community will be even more polyglot. With the addition of Spanish and Portuguese the EC will have no less than nine official languages.

The enlarged Community will also be a region in economic crisis. In 1984 it had an unemployment rate of 11.5% (as against 7.4% for the U.S. and 2.7% for Japan) and a rate of inflation of 6.3% (as compared to 3.2% in the U.S. and 2.6% in Japan). The Community was also worse off when it came to generating wealth. If the output of each European amounted to 100 ECU\* last year, the Americans did twice as well with 207 ECU while the Japanese managed over 128 ECU.

These figures give a good idea of the task awaiting the Community's institutions, which themselves will become just a little bigger from January 1. The European Commission will have 17 members as against 14 at present. The new Spanish Commissioners are Manuel Marín, 36, former Secretary of State for relations with the European Community, and Abel Matutes, 44, a member of the Conservative opposition. The Portuguese Commissioner is Antonio Cordosa e Cunha, 52, a former minister of agriculture and fisheries.

The EC's Council of Ministers will have 12 members instead of 10. With unanimity becoming more and more difficult to achieve, it is to be hoped that the Council will take as many decisions as possible on the basis of a majority vote. As for the Euro-MPs, their numbers will rise to 518 with the arrival en masse of 60 Spanish and 24 Portuguese members. And Spanish and Portuguese officials naturally will also be taking their place alongside the Eurocrats from the 10 "older" member states.

1 ECU = UK£ 0.59 or IR£ 0.71.

EUROPE'S "CONSTITUTION": A "compromise for progress"

Was the glass half full or half empty? Jacques Delors, the President of the European Commission, was in no doubt. He saw the constitutional reforms agreed to at the Luxembourg meeting of the heads of state or government of the European Community and its two new members (Spain and Portugal) as the glass which is half full. The package of reforms represented a "compromise for progress", Mr Delors told the press in Brussels after the 2-day summit. It contained the minimum - and perhaps even a little more - needed to get Europe moving.

The Commission had hoped for something better, of course, its President noted. The summit had left to one side a good many of its proposals for revising the Treaty of Rome, the EC's "constitution". But even so it has accepted the basic elements needed to relaunch European integration in three vital areas - the creation of a genuine common market, the development of European technology, a reduction in the gap between the Community's richer regions and its poorer ones - and confirmed the goal of economic and monetary union.

The Commission's President saw in the agreement by the Community's political leaders that more decisions can be taken on the basis of a majority vote "an opportunity to be seized" and "some more ammunition" for all those who really want a Europe without frontiers from 1992.

The European Council also undertook to give the revised European "constitution" a social dimension and an ecological content: The European Community will thus be officially entrusted with the task of improving working conditions, promoting a dialogue between workers and employers at the Community level and protecting nature as well as the health of Europeans. For Jacques Delors all this was a source of encouragement.

But in his view the summit did not do enough to make the Community more efficient and more democratic. Its political leaders are still insisting that all the Member States must be in agreement before there are moves to harmonize VAT or to ensure the free movement of Europeans throughout their Community. As for the powers of the European Parliament, the summit had done little to add to them.

COUNTERFEIT GOODS: An estimated 100,000 jobs lost in the EC

Imitation may be the sincerest form of flattery. But it is something that manufacturers of handcrafted watches and perfumes, as well as more mundane items such as brake linings and detergents, would gladly do without.

The fact is that trade in counterfeit goods has grown into a large, thriving business, operating in every country with a high purchasing power or a well-developed tourist industry. Luxury goods are an important element of this market; overheads are low while profit margins are high.

The purchaser of counterfeit goods is the principal victim, of course; he has bought a product inferior in quality to the original. In the case of luxury goods the damage is largely to his pride and pocket book. But counterfeit products have included car parts, contraceptives, drugs for diabetics and dolls made of highly inflammable materials.

These goods can therefore be not only defective but also dangerous. Counterfeit brake linings sold in the U.K. failed after a dozen or so applications. But the consumer would have no right of recourse against the producer of the genuine article if the latter could prove that the defective or unsafe product was an imitation.

The trade in counterfeit goods is costly to society as a whole also. While it is impossible to say exactly how many jobs have been lost in the European Community as a result of counterfeiting, industrial organisations have put the number between 40,000 to 50,000 for Germany and at 20,000 for France. For the EC as a whole the estimate runs as high as 100,000 at least.

Counterfeit goods entering the U.S. come from over 40 countries across the world, according to American experts. The traditional sources include Far Eastern countries but counterfeiting is still widespread in all the industrialized countries. However, some Far Eastern countries are tackling the problem quite effectively, including Taiwan, Hong Kong and Singapore.

Given the difficulty of action at the international level, there is a strong case for measures at the Community level, in the view of a Euro-MP, Mrs Y. van Rooy. In her report for the Parliamentary Committee on External Economic Relations she has suggested that these measures be along the lines of those adopted by the U.S. This is the case in fact as regards the European Commission's draft proposal for a Community-wide regulation. Goods suspected of being counterfeit would be held up by the customs authorities. This would allow the trade mark owners to start legal proceedings. If counterfeiting was proved, the goods would be confiscated and thus kept off the market.

### ARCHITECTURE: Preserving Europe's cultural heritage

What does the world's first railway terminus, Temple Meads station in Bristol, have in common with 19th century iron-framed glasshouses in Dublin and a Gothic church in the Dutch town of Meerssen? Nothing really - except that they are all splendid examples of Europe's architectural heritage and therefore well worth preserving.

The European Commission certainly thinks so, for it has just given half a million ECU\* towards the cost of preserving these and nine other monuments, all of them open to the public. Those selected include a 13th century Gothic sculptured doorway (in Huy, Belgium), the remains of a Gothic abbey (at Pont Ste-Maxence, France), and a major charterhouse complex dating from the 14th to 17th centuries (in Padula, Italy).

While every EC country is represented, Greece leads with three monuments, including a well-preserved classical gymnasium from the 4th to 3rd century B.C. (in Epidauros). Germany is represented by a factory designed by Walter Gropius some 75 years ago (in Alfeld).

The European Commission received nearly 150 requests this year for its financial help in preserving Europe's architectural and historical heritage.

### BOOKS: A key element in the European cultural community

If all the books published in the European Community in a single year were piled one on top of the other they would form a tower of Babel 2,500 metres high. The fact is the Community's annual output amounts to some 250,000 titles, or nearly one-half the total published in the world.

They are written in all Community languages, of course. Since 1982 the European Commission has been helping financially with the translation of the works of living authors writing in less widely-used Community languages into English, French or German. And next year it will make proposals for encouraging more translations to be made.

A key issue for booklovers - and the book trade - concerns price fixing arrangements. The Commission has found that the arrangements in force in the various Member States are working well and that the majority of governments, and the trade, want to see them continued. It therefore will not be proposing a Community framework for book prices just now.

The Commission is planning, however, to set up an Advisory Committee to help it give a European dimension to the writing, publishing and distribution of books.

1 ECU = UK£ 0.59 or IR£ 0.71.

**NOISE ABATEMENT: 10 million workers to benefit**

Over 10 million European workers, whose ears are daily assaulted by noise levels of more than 85 decibels, can look forward to some relief. The firms which employ them will be required, from 1990, either to make their machines less noisy or supply protective equipment. Such, in broad outline, are the provisions of a regulation adopted recently by the European Community's social affairs ministers.

From 1990 (and in the case of Greece and Portugal a year later) workers who must put up with noise levels in excess of 85 decibels during their working day will be entitled to protective equipment as well as regular medical check-ups and information on noise-related risks.

Where noise levels exceed 90 decibels workers will be entitled to increased protection. Firms will be required to reduce noise levels and workers will have to wear protective equipment. An estimated 6 to 8 million European workers are assaulted by over 90 decibels a day. Most of them are in such traditional industries as spinning, metal working, mechanical engineering and other areas of heavy industry.

The cost to employers will be between 20 and 40 ECU\* a year per worker. This is tiny when compared to the wage rate in these industries, which is between 10 and 12 ECU an hour.

Plant and machinery manufacturers will have to take account of the new regulations, whose impact will be studied after it has been in application for four years, when further measures may be taken if found necessary.

1 ECU = UK£ 0.59 or IR£ 0.71.

**SMALL BUSINESSES: Assistance, loans and now a film**

Small businesses can now get a complete rundown on every form of assistance, including loans, on offer from the European Community. The information has been packed into a 17-minute film made for the European Commission and to be shown next year to heads of small businesses in all 12 EC countries as part of an information campaign telling them how they can profit from the Community's assistance.

The film and accompanying handbook are already available. Interested firms and professional organizations should get in touch with the Commission of the European Communities in Brussels at the following telephone number: 235.21.22 (Mr Liefbrig) for the film and 235.63.22 (Mr Schneider) for the handbook.

INTERNAL MARKET: Commission proposes creation of common information market

Information is the lifeblood of the modern economy. Not surprisingly, the market for information of all kinds is growing rapidly, with a fine disregard for national frontiers. But information can quickly become out-of-date; it must be transmitted, therefore, as quickly as possible. Hence the importance of the new information technologies.

The European Community's information market is lagging well behind that of the U.S. Overseas suppliers of information are using European information sources as their raw material, processing them and then re-exporting them to Europe in the form of electronic information products. If the Community is to remedy this situation and avoid becoming dependent on others, it must develop a sound and competitive Community information market.

This is exactly what the European Commission has proposed to the member governments. In fact it has set before them a number of objectives and a work program aimed at achieving a common information market. The objectives include (1) creating the conditions needed to develop advanced information services in the EC and (2) strengthening its position in the expanding world information market. The work program seeks both to stimulate demand and remove barriers to information flows.

The Commission believes the internal market is large enough to allow the economies of scale needed to develop a strong information market. But special attention will be paid to the Community's multilingual character. It is especially important, therefore, to make full use of the Commission's multilingual action programs, including the attempt to develop an advanced machine-translation system (Eurotra).

The Commission plans, with the help of Member States, to identify obstacles to the flow of information. It will propose solutions to overcome such obstacles in the fields of standardization, telecommunications and postal services to begin with. It also plans to set up a body to guard against the development of legal obstacles to information flows.

But the Commission also recognizes the need to take account of the economic and social consequences of the changing information market. Small and medium-sized firms are especially vulnerable, in view of the complexity and cost involved in using modern information services. These services are also having an impact on employment and on the qualifications needed by job seekers in the information industries. All of which explains why the Commission wants to harmonize national approaches at the Community level.

REGIONAL POLICY: 10 years old but learning from experience

One person in three in the European Community has a living standard below the Community average. While he is more likely to be found in the southern regions of the 12-nation EC\*, he might also be living in Ireland, Germany and northern Britain. Some of the regions of the Community which are in difficulty lie at the very heart of it, in areas with declining industries such as coal, steel, textiles and shipbuilding.

It obviously is in the Community's interest that regional differences be reduced, if not eliminated. And this is what it has been trying to do in fact since 1975 through its regional policy and the European Regional Development Fund (ERDF). In the 10 years to 1984 the ERDF had invested over 11,000 million ECU\*\* in industry, including the craft industries, services such as tourism and the necessary infrastructure to support them. It had also created or saved over 600,000 jobs.

With the entry of Spain and Portugal on January 1 the demands of the ERDF will increase considerably. Unless it is to cut back its aid to the existing Member States, the Fund's resources will have to be increased. The Commission, which administers the ERDF, is asking for a 50% increase.

But money by itself is not enough. Speaking at the Fund's 10th anniversary, Grigoris Varfis, the European Commissioner with special responsibility for regional policy, noted that the transfer of resources to the poorer regions did not amount to a genuine regional policy by itself. However, the new ERDF regulation, in force since this January, was a step in this direction.

Under this regulation the emphasis is on the joint financing of development programs, rather than individual projects, which have been drawn up by the Member States but from a Community viewpoint. The Commission, for its part, has already announced Community programs involving a better use of modern telecommunications and the development of local energy resources.

As the ERDF's resources are necessarily limited, they will be concentrated on 25 to 30% of the Community's population, even though some 40% of it is eligible in theory for help. At the same time it is hoped to make better use of the available funds. The emphasis will be on small businesses, which are better able to exploit local resources and create new activities. The new regulation also provides for the coordinated use of all the Community's financial instruments through integrated development operations.

\* The 10 Member States plus Spain and Portugal

\*\* 1 ECU = UK£ 0.59 or IR£ 0.71.



### ALCOHOLIC BEVERAGES: Europe leads the field

The 12-nation European Community leads the world when it comes to producing alcoholic beverages. And when it comes to putting them away, its inhabitants can hold their own against all comers. Such, in any case, is the picture which emerges from the statistics published by the Dutch Association of Alcoholic Beverage Manufacturers. The figures also show that while southerners are drinking less wine, most of their neighbours in the north of Europe are drinking more.

The 12-nation Community is the world's leading producer of beer, wine and beverages such as aperitifs and liqueurs. It accounts for over 26% of the world production of beer. With an output of nearly 260 million hectolitres in 1984, the EC was well ahead of the United States (226 million), the Soviet Union (66 million) and Japan (46 million). In the Community, Germany still ranks first with an annual production of over 90 million hectolitres of beer and consumption to match - 144 litres per head on average in 1984. It was outdistanced only by East Germany, with 147 litres.

The Community's biggest beer drinkers are all to be found in the north. In 1984 the Danes, Belgians, Luxembourgers and Irish managed to put down over 120 litres a head; the British 110 litres and the Dutch over 80 litres.

Wine is the favourite tippie in the south. Last year the Italians managed to consume 91 litres per head on average, the Portuguese 84 litres and the French 82 litres. Spaniards and Greeks made do with a mere 45 litres per head on average. However, consumption is falling each year in Italy, Spain and, most notably, France.

Northerners meanwhile are taking to wine, almost with abandon. Consumption is rising regularly in the Benelux countries, Denmark and the U.K. As for production, the 12-nation EC accounts for 60% of world output with 193 million hectolitres, which puts it well ahead of the Soviet Union (37 million), the Argentine and United States (18 million each).

The Community also leads the field when it comes to spirits, with a production of 12 million hectolitres in 1984, ahead of the Soviet Union (9 million) and the United States (7 million). While the U.K. is the Community's biggest producer, Luxembourg ranks first when it comes to consumption.