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SUMMARY

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REGIONAL AID: First two Community programmes on the way

The least-favoured regions in the 12-nation European Community must not be among the last to benefit from Community policies, especially in such dynamic sectors as energy and telecommunications. It is precisely in order to allow them to stay in the running that the European Commission has just sent to the Twelve the first two genuinely European regional aid programmes. They are STAR, in the telecommunications sector, and VALOREN, an energy programme. Their cost has been put at over 1,000 million ECU* by the Commission.

Thanks to the 1985 Regulation on the operation of the European Regional Development Fund (ERDF), the Community can now draw up aid programmes at the European level. Prior to this the ERDF only financed activities proprosed by the national governments. The two new programmes should benefit the least-favoured regions of the 12-nation Community: Greece, Ireland, the Italian Mezzogiorno, Corsica and the French overseas departments, Northern Ireland as well as several regions of Spain and Portugal.

STAR will make it possible for some of the most disadvantaged regions to acquire the latest telecommunication equipment. Since last year the Community has undertaken to stimulate the development of the newest telecommunications technologies and to create, thanks to its research programme RACE (see Eurofocus 30/85), a truly European network based, notably, on optic fibres and satellite transmission. STAR will help the least-favoured regions benefit from this new technology, which would otherwise pass them by, given that firms tend to go where profits are.

The European Commission plans to devote roughly 700 million ECU to the STAR programme over a 5-year period. Some 250 million of this would be for Italy and 150 million for Spain. The aid would take the form of grants and interest subsidies.

VALOREN will help the least-favoured regions fully to develop their energy potential. Commission studies have shown that they are among the worst-off in this respect - and therefore more dependent on oil imports. VALOREN will devote its 355 million ECU, over a 5-year period, to the more effective use of local energy resources, from polar to peat, including wind and hydro-electric energy. It will also promote the more efficient use of energy, through better insulation and heat recovery, for example. Small and medium-sized firms should be among the first to benefit.

* 1 ECU = UK£ 0.62 or IR£ 0.72.

WESTLAND HELICOPTERS: The European Dimension

"The Westland case", which has pitted for several weeks now the American firm Sikorsky against a European consortium for the rescue of Britain's only helicopter manufacturer, "has a clear European dimension". This is what Peter Sutherland, the Commissioner responsible for competition policy in the European Community, declared on behalf of the European Commission during the emergency debate in the European Parliament on January 16. That the majority of the Euro-MPs want a "European solution" to Westland's problems was clear from the resolution they adopted the same day.

Which of the two rescue bids will provide Westland with the financial resources it needs? Neither the European Commission nor the European Parliament has the power to choose between them, especially as both are valid under existing Community regulations.

But, as Mr Sutherland pointed out, the Westland case poses problems of industrial policy to which the Commission cannot be indifferent. Helicopters belong to an area of crucial importance for the competitivity of Europe, that of advanced technologies. For several years the Commission has favoured cooperation between European undertakings, notably through European research programmes, such as ESPRIT. Westland in fact is a partner in an ESPRIT-sponsored project for computer-aided design.

Mr Sutherland felt that it was necessary, as a matter of principle, to rationalize the European helicopter industry and develop an independent European high tech capability in this sector. To this end it was important, in his view, to establish "a close cooperation" between the Commission, the member states and the firms in question.

Westland has already participated in the manufacture of "European" helicopters in collaboration with the firms of Aerospatiale (France), Agusta (Italy) and MBB (Germany), all three of whom are members of the European Consortium, which also includes British Aerospace (U.K.). Westland has also worked with Sikorsky, the main competitor for the Europeans.

For Mr Sutherland, the debate over the rescue of Westland has at least one positive aspect: it has underlined the need to develop, within the Community, advanced industries that are both strong and independent, whether in helicopters or other industrial sectors.

DEVELOPMENT AID: Helping Africa solve its longer term problems

Africa's more long-term problems seldom make headlines. And yet work towards solving them must begin at once if famine, and the threat of famine, is to be finally eradicated from black Africa.

Because it feels a special responsibility for Africa the European Community has taken the lead recently in drawing up plans for dealing with some of these problems. What is more, just three months after the European Commission sent the member states its plan for reviving agriculture in the eight countries hardest hit by drought*, the Commissioner for aid to developing countries, Lorenzo Natali, was able to tell the press that the Community was about to begin implementing its rehabilitation plan.

Over the next 12 months the EC will help Ethiopia, for example, to get its fleet of trucks on the road again by supplying it with the necessary spares. Restoring road and rail links will be a Community priority in the Chad, Sudan and Mali. In all eight drought-hit countries the Community will also help farmers by providing them a variety of inputs, including seeds, fertilizers, tools and small-scale irrigation.

Some 100 million ECU** are being made available from the European Development fund's unused reserves. Additional funds are likely to be provided by individual member states, among them Italy, France, the Netherlands, Ireland and Germany. (The Italian contribution is 13 million ECU).

But the European Community, as Lorenzo Natali told the press on January 20, wants to tackle more basic problems also. He gave details of the Plan of Action the Commission had just forwarded to the European Council for combatting the destruction of the natural environment over large parts of Africa. So great was the pressure of population on land in some areas that each year up to 60,000 sq. kms. of arable land - nearly twice the area of Belgium - were being turned into desert.

The Commission's Action Plan is based on a global approach. It aims not only at improving agricultural techniques so as to preserve an ecological balance but also at reducing population pressure even while encouraging reafforestation and anti-erosion programmes. The tree is to be given priority.

This is a more long-term programme. But the European Council, which asked the Commission last June to draw up a plan to combat desertification, has already accepted the need for a long-term commitment. The Commission is confident, therefore, that the Council will now back it in this more ambitious, long-term Action Plan to roll back the desert's advance.

* Ethiopia, Mali, Mauritania, Niger, Sudan, Chad, Angola and Mozambique.

** 1 ECU = IK£ 0.62 or IR£ 0.72

AGRICULTURE: The biggest single challenge facing the enlarged Community

Agriculture - and not industry or high technology - presents the enlarged, 12-nation European Community with its biggest single challenge - as it did when the Community had half its present membership. With the entry of Spain and Portugal the Community's farm population has jumped from 8 million to just under 11 million, the number of farms from roughly 7 million to 10 million and the cultivated area from 100 million to 132 million hectares.

But the change is not only quantitative. Community agriculture now has a higher proportion of small farms and a larger number of elderly farmers. In the 10-nation EC agriculture accounted for some 8% of employment but only 4% of national product. This 2 to 1 ratio reflected the relative inefficieny of farming as compared to other sectors of the economy. But this ratio is 3 to 1 in Spain and is as high as 4 to 1 in Portugal.

With the third enlargement, more than 65% of the Community farms are now to be found in its southern regions, where farming traditionally lacks the strenghts to be found elsewhere in the Community. Enlargement, in other words, has increased the contrast between the agricultural structures of the northern and southern regions of the Community.

Related to this major change is another - the greater importance of Mediterranean crops (vines, olives, rice, fruit and vegetables) in the Community's total agricultural output. The major crops of the Community's northern regions (wheat, rape, sugarbeet) will henceforth be relatively less important. Spanish and Portuguese output of Mediterranean products will double Community production in some cases; but the two countries will together add no more than 8 to 12% to Community production of sugar, wheat and beef and veal.

With Spain the EC in fact has acquired a major agricultural system, the second largest in terms of area in the 12-nation Community. Portugal's contribution to Community agriculture is a much smaller one, of course. However, because of its underproductive nature, Portuguese agriculture is entering a new competitive environment with relatively few means of defence.

The Community is helping Portugal to restructure its agriculture; aid for this purpose was flowing to Portugal even before it joined the EC in fact. The common agricultural policy will become fully operational in both Portugal and Spain only after a period of transition, the first stage of which will be devoted to introducing the basic mechanism of the Community's market organizations. At the same time, the Community will take steps to temper any effects which the integration of Spain and Portugal may have on their trade.

JOBS: Industry shows greater willingness to hire workers

Europe's* economic recovery is on the way, if one is to believe the European Commission's latest survey of company managers. At the end of last year Community industrialists seemed much more ready to create jobs than in the previous months and even years.

Unfortunately, this favourable trend is limited to a few European Community countries. Only in the Netherlands, Ireland, Germany and Denmark do firms, on the whole, envisage taking on more people. In Belgium, Luxembourg, the U.K., and Greece they plan to hold employment at its present level. In France and Italy firms even plan to lay off workers.

The intentions of company managers vary considerably from one industrial sector to another. The most optimistic are those in the capital goods industries. Prospects for increased employment are brightest in mechanical engineering and precision instruments. But this positive trend, if rather widespread throughout the Community, is hardly evident in France, and in Italy the optimism is much weaker than elsewhere.

Most company managers in the basic materials industries, as well as in those making consumer goods, still envisage lay-offs. Even so, they are not as numerous as in previous months.

OIL: Europe is a major consumer but a small producer

Since the last 12 years the Europeans have learnt just what it costs, economically as well as politically, not to be a major oil producer. In this context the European Community* finds itself much less well-off than the two "super-powers", as a recent comparison by the EC's statistical office, Eurostat, makes clear.

In 1984 the Community accounted for less than 5% of world oil production but some 14% of its oil consumption. The United States, which consumed a quarter of world production, nevertheless provided 17% of it.

As for the Soviet Union, it produced around one-fifth of the world's output but consumed only 16% of it. The most favoured countries are those belonging to OPEC, of course: they accounted for nearly one-third of world production but only 5% of consumption.

* The pre-1986, 10-nation Community.

PARLIAMENT: Now more left-leaning, meridional

With the arrival en masse of its 60 Spanish and 24 Portuguese members, the European Parliament is more meridional in complexion and somewhat more left-leaning than it was just before the Ten became Twelve.

The enlarged Parliament, which held its first session in mid-January, has 518 members, of whom nearly one-third are Socialists. Enlargement in fact has profited Socialists the most. Their ranks have been swelled to 172 by the addition of 36 Spanish and 6 Portuguese members. Spain's Socialist Party, in power since the last three years, is also the country's largest. In Portugal, the Socialist party recently went into opposition.

The Christian Democrats of the European People's Party remain the largest group after the Socialists. Their number have risen from 109 to 118, with the adhesion of 7 Spaniards, including the former prime minister, Leopoldo Calvo Sotelo, and two Portuguese members of the Democratic and Social Centre Party.

The Conservatives of the European Democratic Group, who numbered 50 until January 1, have had their ranks strengthened by the entry of 13 Spanish members of the country's main opposition party, the Peoples' Coalition. The Communists now have 46 members, following the entry of three Portuguese Communists.

The Liberal group has 41 members, with the arrival of 9 Portuguese members of the ruling Social Democrat Party, including the former prime minister, Franciso Pinto Balsemao, and a Spaniard.

The Group of the European Democratic Alliance, made up essentially of members of the French neo-Gaullist RPR, has been strengthened with the addition of four Portuguese members of the party which is close to the country's President, General Eanes, the New Party of Democratic Renovation.

The Rainbow Group, in which are to be found the Greens and the regionalists, now has 20 members, having taken on board a Spaniard. The number of unattached Euro-MPs has risen to 8 and includes two Spaniards. Only the far right, represented by the Group of the European Right, has not added to its voting strength, which remains at 16.

The 84 new Euro-MPs, only five of whom are women, all of them Spanish, were appointed by their national Parliaments.

AGRICULTURE: Fewer varieties of plant species for modern farmers

Today's farmers require not only fertilizers and pesticides but also new and improved varieties of seeds. But the contiued development of high yielding varieties of cereals, for example, is not without risks, according to a report drawn up for the European Parliament.

The report, drafted by an Italian Euro-MP, Mrs. V. Squarcialupi, points out that the modern practice of single-cropping on an industrial scale has resulted in a steady reduction in the varieties of plant species available to farmers. Today, a mere eight species provide 75% of the world's daily calory intake. In Brazil, the report notes, almost all the coffee shrubs derive from a single plant.

The report lists the unfavourable effects of this genetic erosion. They include a reduced choice for the consumer: there are fewer varieties of fruit on the market, for example; some, in fact, have virtually disappeared. Fewer varieties mean increased vulnerability to disease - and therefore increased use of pesticides and the danger of soil and water pollution.

The Parliamentary Committee on the Environment, Public Health and Consumer Protection wants both member governments and the European Commission to take urgent steps to combat the disappearance of local plant species.

CONSUMERS: Less of the family budget now goes on food and drinks

Families in the European Community are devoting less of the family budget to food, drinks and tobacco. It was just under 18% of total household consumer expenditure (or roughly 1,140 ECU* per head) in the 10-nation EC in 1982, according to the European Commission's latest annual report on Community agriculture.

The figure varied from country to country, of course. It was highest in Greece and Ireland, at just over 40% of total expenditure, while in Germany, France, the Netherlands, Belgium and the U.K. it was roughly half as much (at around 20%). In between were Denmark (25%) and Italy (30%).

The 1985 agricultural report also refers to changing consumption patterns. Consumption of wine, sugar and potatoes has fallen over the last 10 years or so, while that of vegetables, citrus fruit and fresh milk products has risen. The picture is more complex as regards meat: if consumption of beef and veal is unchanged, it has grown as regards poultry and pigmeat. But clear differences in national eating habits persist. The Irish, for example, still favour potatoes and milk products, the French meat and wine and the Germans pigmeat.

* 1 ECU = UK£ 0.62 or IR£ 0.72.

CONSUMERS: Choosing between red and rosé

There is red table wine and there is rosé table wine, which is paler, as its name suggests, but it is not, as you might think, a judicious blend of red wine and ... well, water. Nor is it a mixture of re d and white wines, except in Spain.

Just how rosé wines should be defined is a question that has exercised a good many spirits in the European Parliament. A French Euro-MP, Emmanuel Maffre-Baugé, has even urged the European Commission to propose "a statutory definition of still rosé wines". Clearly, there is much money at stake - as is often the case, even where things of the spirit are concerned.

Last May the European Court of Justice held that red table wines could be blended with rosé and sold as "rosé table wine". This was a decision, in Mr Maffre-Baugé's words, with "serious implications for genuine rosé wines". He feared that the Spanish practice of blending red wine with white was likely to cause further market disruption.

The Commission was able to reassure him that his fears regarding the Spanish product were likely to prove groundless. This traditional Spanish practice must cease by 31 December 1989. Meanwhile, all wines produced from such blends must be consumed at home. The Commission has held out the promise of checks at winemakers' premises.

As for the much sought-after definition of rosé wines the Commission was less optimistic. It noted that you cannot tell red wine from rosé by reference to the methods used to produce them. Alas for the romantics, the Commission confessed it was looking to the analytical chemists to come up with analytical criteria for defining rosé wines.

ENVIRONMENT: Community ban on imports of turtle products

The hallmark of a compassionate society is a concern for all living creatures, both great and small. The British Euro-MP James Ford clearly would subscribe to this. After noting that the manufacture of by-products from turtles causes these animals great suffering, he recently asked the European Commission what steps it had taken to ban trade in turtle products.

The Commission was able to reassure Mr Ford that the import "of parts and derivatives of marine turtles" is effectively banned under a 1982 Council Regulation, which implements the Convention on International Trade in Endangered Species of Wild Fauna and Flora. The ban does not extend to trade based on captive breeding and ranching operations; but the Commission noted that no such operation involving marine turtles has received the necessary international approval so far.