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REGIONAL FUND: Grants for the Ten and the two newcomers

The European Commission has recently approved grants totalling 1,800 million ECU\* for investment projects in the European Community's disadvantaged regions. The grants, to be made from the European Regional Development Fund (ERDF), include 1,400 million ECU for the Ten, as well as the first allocations, amounting to 437 million ECU in all, for projects in Spain and Portugal.

The grants to the Ten include 265 million ECU for investment projects in industry, craft industries and the service sector. They will create or maintain over 32,000 jobs. During 1985 the Fund will have helped 705 investment projects of this type for a total of over 432 million ECU.

Other grants to the Ten include nearly 1,140 million ECU to finance infrastructure investments, including two colleges of technology in Dublin, a research centre for solar energy in Catania (Sicily), a Convention Centre in Birmingham and two hospitals in Greece. ERDF grants for infrastructure projects amounted to over 2,130 million ECU in 1985.

The Fund's main beneficiaries last year, when it disbursed a total of 2,560 million ECU, were Italy (956 million ECU), Greece (590 million ECU) and Britain (460 million ECU).

The first ERDF allocations for 1986, amounting to 437 million ECU, have gone to Spain and Portugal. Nearly all of this money will be used to finance infrastructure projects in the fields of transportation and energy in the two countries.

The grants to Portugal will help build the Lisbon-Oporto motorway and a new railway bridge over the Douro. ERDF aid to Spain will help improve rail and road transport and airports as well as the distribution of natural gas and waterworks. In addition, some 450 jobs will be created in the north of Spain in a factory making diesel engines.

All the individual projects to be helped by the Fund were presented by the various national authorities. Hereafter, the ERDF will increasingly favour genuinely European development programs rather than individual projects. In fact, by next year 20% of ERDF financing will be for programs.

\* 1 ECU = UK£ 0.62 or IR£ 0.72.

FAMINE: European aid continues to flow to Ethiopia and the Sudan

Nearly 10 million Ethiopians and Sudanese will need food aid and medicines this year. This has prompted the European Commission to extend emergency aid of 19.5 million ECU\*. Both food and medicines will be distributed by non-governmental organizations, the U.N. High Commissioner for Refugees and, in the Sudan, by the Commission's own teams.

In both Ethiopia and the Sudan, despite a more abundant harvest in 1985, food production has remained inadequate. In Ethiopia the 1985 harvest was up by nearly 30% over the previous year; even so, an estimated 900,000 tons of cereals will have to be imported to feed some 5 million people.

In the Sudan, which had a surplus of sorghum this year, an estimated 3.6 million people living in arid areas, as well as 1.2 million refugees, will need food aid. The 13.5 million ECU earmarked for the Sudan and the 6 million ECU for Ethiopia will be used to buy and transport food and medicines. The Commission, which is sending 55,000 tons of cereals to Ethiopia, plans to make further substantial allocations, which should keep the aid at 1985 levels.

CARS: Harnessing the new technologies to reduce road accidents

Personal computers and compact discs are among the products of the new technologies which are changing the life-styles of many Europeans. They could also reduce the number of road accidents, saving not only lives but also some 2,000 million ECU\* each year for the European Community. However, in order to move out of the realm of science fiction the European Commission has proposed DRIVE, an acronym for Dedicated Road Safety Systems and Intelligent Vehicles in Europe.

A wide range of new techniques could contribute to improving road safety: radar to prevent collisions, anti-skid devices, fatigue and alcohol-impairment detectors and support systems for bad weather conditions. But their effectiveness must first be evaluated - which is why DRIVE will begin with a series of studies, to be carried out by leading European organizations.

The studies, which will be coordinated by a firm of British consultants, MVA Systematics, will deal with integrated vehicle control and guidance and traffic control. They should result in a Community-wide action plan by this July. The European Commission has earmarked 300,000 ECU for the first stage of DRIVE, one of the major projects for 1986, which is European Road Safety Year.

\* 1 ECU = UK£ 0.62 or IR£ 0.72.

TERRORISM: European Community announces fresh measures to combat it

The European Community cannot afford to be soft on terrorism. Many of the terrorist attacks have taken place in its territory, with citizens of the member states among the victims. And the indirect economic costs can be considerable, as when American tourists stay away (see page 9).

Not surprisingly, therefore, the foreign ministers of the twelve EC countries both condemned international terrorism and announced fresh measures against it when they met in Brussels on January 27. The Twelve also set up a permanent working body, within the framework of their Political Cooperation, to monitor and give impetus to the implementation of these measures.

Among the measures are stricter security at airports, ports and railway stations and the prevention of abuse of diplomatic immunity as well as a ban on arms exports to countries clearly implicated in supporting terrorism.

The Twelve recognized, however, the need to tackle the problem of international terrorism at its roots, and offered to open a dialogue with the Mediterranean countries on this issue. They also agreed to see how they can jointly clarify responsibilities for terrorist acts.

ENERGY: 360 million ECU for demonstration and pilot projects

The European Community's decision to spend 360 million ECU\* on demonstration and pilot projects involving alternative energy sources must seem a waste of good money when oil prices are spiralling downwards. But the member states and the European Commission are determined there must be no slackening of efforts to save energy and diversify the Community's energy supplies.

Hence their decision to back financially demonstration projects over the next four years (1986-89) in four major areas: the exploitation of wind, solar and geothermal energy as well as energy from biomass and waste; energy saving in industry, including the energy industry, buildings and transport; substitution of hydrocarbons and liquefaction and gasification of solid fuels.

All projects must relate to full-size installations and must exploit either new techniques and products or new applications of existing techniques and products. They must also offer good prospects of being industrially and commercially viable at the demonstration stage.

Projects are invited from both individuals and firms, who will have to find much of the funds themselves, however. Community funding will not exceed 40% of eligible costs. Full details as well as the invitation to submit projects, can be had from the European Commission in Brussels (tel. 235.16.28).

\* 1 ECU = UK£ 0.62 or IR£ 0.72.

AIR TRAVEL: Commission wants fairer deal for high flyers

It clearly is in the interest of the European Community that its 12 member countries speak with one voice - especially in an organization in which they make up over half the membership. But given their tendency to ride off in all directions, the European Commission has called on the Twelve to put up a common front at the forthcoming meeting on the 22-nation European Civil Aviation Conference (ECAC).

Stanley Clinton Davis, the Commissioner responsible for transport policy, wants the Community to move quickly towards an air transport policy which gives the travelling public a fairer deal. And he wants to be sure that "discussions outside the Community framework do not in any way hamper progress".

The Commission has therefore reminded member governments that the Treaty of Rome requires them to "proceed, within the framework of international organizations of an economic character, only by common action". At the same time it has introduced greater flexibility into its own proposals.

It believes that airlines should be entitled to set fares and increase seat capacity on the basis of their commercial judgment and not be obliged to enter into agreements with other airlines or to have to consult with them or with governments. Fares must not be "predatory", however, but reflect operating costs.

INDUSTRY: Product innovation + good design = high sales

It is not enough to invent a new and more efficient mousetrap; unless it is also eye-catching it is likely to stay on the shelf. In other words, a product must also be well designed - both aesthetically and from an engineering standpoint - if it is to find buyers in today's product-crammed markets.

The European Commission believes that while there is no shortage of talent and experience in the European Community, the importance of good design in product innovation is often underestimated. It has therefore decided to launch a series of projects aimed at encouraging Europeans to pool their efforts in design and design management to generate "design synergy".

Among the projects are a series of multilingual publications with such titles as The Design Based Enterprise, Design Management in Practice and Corporate Design Programme. The Commission also plans to bring out a basic design manual for managers of small and medium-sized enterprises and to organize seminars on design management plus a travelling exhibition.

EUROPEAN INVESTMENT BANK: Focus on regional development in 1985

Regional development remained the focus of the loans made last year by the European Investment Bank (EIB), the European Community's lending agency. Some 3,400 million ECU\*, or over half the EIB's total lending to the 10-nation Community, went to regional development projects, according to the Bank's latest annual report. At the same time loans to environmental projects more than doubled to 360 million ECU.

The Bank lent a total of 7,180 million ECU last year, an increase of 4% over 1984. The lion's share of this, or some 6,500 million ECU, was for investment within the 10-nation Community. The Bank has estimated that its loans, which cover 35% of the total cost on average, made possible the creation of 43,000 jobs. Taking into account temporary jobs and the projects begun before 1985, more than 550,000 persons were at work last year thanks to the EIB.

The main borrowers have been Italy, with over 2,600 million ECU, the U.K. (1,000 million ECU) and France (890 million ECU). Some three-quarters of the loans for regional development were made to countries with a very large number of disadvantaged regions: Italy, Greece, Ireland and the U.K. In 1985 Bank loans accounted for over 6% of the total investment in southern Italy, while the corresponding figures for Greece and Ireland were 5% and 3.3% respectively. Spain and Portugal received a total of 260 million ECU, or 18% more than in 1984.

As in previous years, much of the lending was in the field of energy. The 2,300 million ECU lent by the Bank in fact enabled the Community to economize 9.3 million tons of oil. The projects financed included the construction of nuclear and hydroelectric power stations and the development of oil and gas deposits as well as such renewable energy sources as solar and geothermal. The Bank also promoted the rational use of energy.

The EIB helped stimulate the Community economy by lending nearly 1,000 million ECU for the modernization and conversion of firms, some two-thirds of which were small and medium-sized enterprises. Another 325 million ECU was lent for the development or introduction of the new technologies in industry and telecommunications. As to the loans for environmental protection, most of them went to finance sewage treatment plants.

\* 1 ECU = UK£ 0.62 or IR£ 0.72.

TOURISM: The Green Card - passport to European motoring

Western Europe is shrinking, thanks to the motor car. And because of the Green Card, driving across national frontiers can take less time than crossing a major city.

Invented by the insurance companies, the Green Card system is operated by them in some 32 countries, including all 12 members of the European Community. But there is a direct link between the Green Card and Community law - which explains why a motorist living in one member country and crossing into another does not have to produce his Green Card for inspection, with certain exceptions.

The link is a 1972 Council Directive. It both requires member states to make third party motor insurance compulsory and stipulates that policies issued in any one EC country must provide the minimum third party cover laid down by law in each of them. The Directive also calls for a Supplementary Agreement between the national motor insurers' bureaux, to ensure compensation for accidents caused by a motorist from another EC country, regardless of whether or not he holds a valid Green Card.

In the Commission's view the true purpose of the Green Card is to serve as evidence that the motorist holds the minimum third party insurance required by law in the countries listed on it. In the U.K. and Ireland, however, it is seen as evidence that the policy holder has chosen to extend to the countries he is visiting his existing cover for other forms of motor insurance, such as theft or damage for which he himself is responsible.

This, in the Commission's view, tends to mislead the public as to the true purpose of the Green Card. It has taken up the matter with motor insurance companies in the U.K. and Ireland, as it told the Irish Euro-MP, Thomas Raftery. Incidentally, motoring organizations in Greece, Spain and Portugal have not yet signed the necessary Supplementary Agreement but are expected to do so later this year. This means that motorists entering these countries, and vehicles from them entering other member states, must hold and produce a Green Card for the present.

Conditions for the issue of Green Cards vary. In several member countries they are issued automatically - but only on request in Denmark, Germany, Ireland and the U.K., where they are normally issued for a duration of a particular visit. Green Cards are issued without charge, except in the U.K. and Italy (in certain cases). Validity periods vary and can be fixed (a year or more) or limited to the expiry date of the underlying insurance policy.

SCIENCE: FAST points the way to long-term Research & Development

Science and technology are reshaping our societies at a speed which could not be foreseen even a generation ago. As a result, it is becoming increasingly difficult to form a clear picture of what European societies will look like in 15 years' time, when the world enters the 21st century.

This, paradoxically, is making it difficult for the European Community to decide on its long-term priorities in scientific and technological research. One school of thought even regards longer-term problems as an obstacle to short-term action - and therefore ignores them. But if the Community is to meet the industrial challenge it faces from its competitors, it must bring about the technological renaissance of Europe.

The need to forecast changes in not only science and technology but also in society itself was recognized by the EC governments almost 10 years ago. It led to the establishment of the programme generally known by its acronym - FAST, or Forecasting and Assessment in the Field of Science and Technology. The main task of FAST II (1984-87) is still to analyze change in its many dimensions - economic, social and political - so as to identify new priorities for a Community R & D policy.

To carry out this program FAST has launched 37 research activities and set up a Community-wide system of cooperation. It has even prompted member governments to follow its example. The U.K., for example, has a new 5-year research program entitled "The context of change". As FAST is a shared-cost programme, the funds available to it are twice as large as the Community's own contribution of 8.5 million ECU\* for the period 1983-87.

The five fields FAST is focussing on include technology-work-employment relations; the future of the food system and the integrated development of renewable natural resources. Among its tentative findings are that the new technologies have not resulted in as much unemployment as was anticipated 20 years ago.

Research has also shown that while the development of service activities is continuing and spreading, it is unclear whether the jobs lost in manufacturing will be made up by the services sector of the economy. On the other hand, the growth of "new services" may be held back by a lack of qualified personnel.

European cooperation in science and technology remains limited, despite FAST and other Community-wide R & D programs. The European Commission probably sees its first activity report on FAST, issued last month, as a stimulus to further cooperation among the Twelve.

\* 1 ECU = 0.62 or IR£ 0.72.



TOURISM: At stake, millions of jobs

The European Community - a tourist's paradise? Perhaps, but one under threat. Terrorism, pollution, overcrowding at peak holiday seasons and competition from other parts of the world - these are just some of the obstacles to be overcome if European tourism, which currently employs some 5 million people in the 12-nation Community, is to grow.

This, in substance, is what the European Commissioner for Tourism and Culture, Carlo Ripa di Meana, stated recently when presenting the European Commission's first-ever proposals on tourism to the press.

From the Greek islands to the Scottish highlands, from Portugal's beaches to the sights of West Berlin, the enlarged Community contains riches enough to satisfy the most demanding tourist. However, according to Mr Ripa di Meana, the number of American tourists visiting Greece last year fell by 50%, resulting in a loss of some \$100 million for the Greek economy. Fewer North American tourists visited Italy (down 30%) and the Netherlands (down 20%).

Fear of terrorist attacks was the main reason for the decline, especially after the taking of hostages at Athens airport and the hijacking of the cruise liner, Achille Lauro. But overcrowded tourist cities, beaches and footpaths were also responsible, as was the resulting pollution. Finally, numerous parts of the world, from sun-drenched tropical islands to countries in Asia and Africa, are attracting growing numbers of Westerners. Unless the Community acts quickly, it may lose its American and Japanese tourists.

In the 10-nation EC tourism accounted for 4% of GDP and 7% of consumer expenditure. In the enlarged Community income and expenditure on international tourism has risen more than six-fold over the last 14 years. However, when times are bad tourism does not grow by itself.

The European Commission wants not only to make it easier for tourists to move about but also to stagger holidays and improve the use of existing financial instruments to stimulate tourism. The Commission would like to publish a tourist guide, standardize information on hotels and improve their safety, harmonize legislation regarding package holidays and even help improve working condition in the tourist industry.