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SUMMARY

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CHERNOBYL: Questions for the 12-nation European Community

That the nuclear accident at Chernobyl has profoundly shaken West European public opinion is clear. But it has led to more than protective measures and recommendations to the population: it has obliged those in positions of responsibility to question the efficacity of the procedures laid down in the 12-nation European Community.

The Community must have basic safety standards and a quick and effective information network, in case of a nuclear accident, whether within its frontiers or outside them. This, in the main, was the view expressed by Euro-MPs and the European Commissioners responsible for energy and environment protection, Nicolas Moser and Stanley Clinton Davis, during the emergency debate in the European Parliament in mid-May on the consequences of Chernobyl.

Both the Commissioners and Parliamentarians pointed out that there are no nuclear power stations in Western Europe using a technology comparable to that employed in Chernobyl, and that none has been exported by the Soviet Union. But the Community is unprotected against the fallout from accidents elsewhere in the world, and it is not immune to incidents at its own plants, as events at Sellafield, in northwest England, and at La Hague, in France, have shown.

As Mr Mosar stressed when addressing Parliament, nuclear power accounts for some 14% of the Community's energy needs and thus gives it a certain independence in relation to oil imports. But Europeans will not permanently accept the presence of nuclear installations in their midst, unless they feel their safety is assured and they are kept reasonably well informed.

The European Parliament voted, by an overwhelming majority, a resolution calling on the Twelve to adopt common standards for the conception, operation and security of nuclear power stations as well as the disposal of nuclear waste.

The Commission, meanwhile, is drawing up a detailed report on Chernobyl and its effects on the health of the Community's population and the environment. It is also looking at how to improve information flows in the event of nuclear incidents and high levels of radioactivity within the Community. The EC's regulations at present require information to be made available only once a year! Since Chernobyl, the Commission has asked the member states to provide information on a daily basis, but it has not been entirely successful in this, according to Mr Clinton Davis.

REGIONAL FUND: 300 projects to share ECU 174 million*

The European Community is providing ECU 174 million towards the cost of developing roads, tourist centres, a power station and light industry in some of its poorer regions. Nearly ECU 7 million of this will be spent on creating over 2,000 jobs and saving another 175.

The money is coming from the European Regional Development Fund (ERDF), and is the third allocation so far this year. The Community's aid is in the form of grants, and will be used to finance 308 projects in 10 of its 12 member states. Two earlier allocations this year, amounting to ECU 550 million in all, were reserved for the Community's newest member states, Spain and Portugal.

Greece is the main beneficiary, this time round. It is to receive ECU 77 million, which will be used to fund 30 infrastructure projects. Italy is next: it is getting ECU 39 million (for 90 projects), followed by the U.K., with ECU 26 million (94 projects). Germany, Ireland, France and Spain will each receive around ECU 7 million.

Much of the aid to Greece has been earmarked for the construction of a power station in Macedonia, but the ERDF is also helping equip two vocational training centres. Italy will use the grants from the ERDF to develop a ski resort in Calabria.

Projects to be financed in the U.K. include the construction of a number of small workshops. Located in Scotland, the workshops will be used mainly for industrial and service activities, which will themselves be eligible for ERDF aid.

Several projects are aimed at improving the road network in some of the Community's less favoured regions. They include the modernization of a major road in Corsica, the construction of a new road in the west of Ireland and of a lock in Denmark to facilitate the passage of cars.

Work on all these projects will create jobs, of course. But two ERDF-funded projects aimed specifically at creating new jobs are the extension to a factory in Germany making car fittings (200 new jobs), and to a plant in Spain, specializing in cork products (50 jobs).

The ERDF has contributed ECU 14,500 million between 1975 and 1986 to help finance nearly 30,000 infrastruture and industrial projects. Italy has been the Fund's principal beneficiary (ECU 5,100 million), followed by the U.K. (ECU 3,300 million), France (ECU 2,000 million) and Greece (ECU 1,500 million).

* 1 ECU = UK£ 0.64 or IR£ 0.71.

MONEY: Coming soon - cheques and bank accounts sans national frontiers?

Most Europeans want to be free to open a bank account, draw cheques, use credit cards and invest in shares anywhere in the European Community, regardless of nationality or residence. And they could do just this, provided the 12 European Community memberstates adopt the plan to liberalize capital movements which the European Commission's President, Jacques Delors, has just sent them.

The leaders of the Twelve have undertaken to transform the present Community into a genuine common market by 1992. This implies the free movement, between the member states, of not only people and goods but also capital - i.e. money in all its forms.

The existing European regulations - or absence of them - allow national authorities to put whatever restrictions they like on opening and keeping a bank account. This is also the case as regards a series of financial operations, especially those involving credits and short-term loans.

The situation is slightly better as regards the purchase of quoted securities, commercial loans and investments. Member states in fact do not have the right to ban such operations, although a country can discriminate against "foreign" Europeans or persons living abroad.

At present one member state out of two* can maintain exchange controls in one form or another. In Community jargon, they are merely applying the "safeguard clause".

The European Commission has proposed that the removal of exchange controls take place in three stages. In the course of this month, France and Italy would give up the use of the safeguard clause, fully in the case of France, partially in that of Italy. The second stage, which would be simultaneous with the first, provides for the removal of restrictions on dealings in securities, whether listed or not. In the third stage, set for the beginning of next year, private bank deposits, credit cards, Eurocheques and loans, to individuals as well as companies, would be treated as fully "European".

* France, Italy, Ireland, Greece, Spain and Portugal.

UNEMPLOYMENT: A further drop - due to seasonal factors

Some 16 million were jobless in the 12-nation European Community at the end of April. This was 360,000 fewer than at the end of March. But, like previous falls this year, this one also was due to seasonal factors, according to the EC's statistical service, Eurostat. If they are eliminated, unemployment rose slightly in April.

Unemployment continues to effect women more than men. Male unemployment fell by 3.4% between March and April, while unemployment among women fell by only 0.5%. The total number of registered unemployed rose by 2% in the 12 months to April. But while male unemployment fell by 0.2% over this period, female unemployment rose by 5.2%.

Unemployment among the under-25s fell in April in all Community member states except the U.K. Over a 12-month period it fell by 1.4% in the EC as a whole (if Portugal is excluded, in the absence of statistics on youth unemployment).

PRICES: Inflation up in April but down on an annual basis

Higher prices in some member states, and higher rents and taxes in others, raised the consumer price index for the 12-nation European Community by 0.4% in April. This was a rather higher increase than in either February or March, according to the EC's statistical service, Eurostat.

Even so, the rate of increase for the 12-month period ending this April was 3.7%, as compared with the 6.7% recorded in April 1985. But the Community still has a higher rate of inflation than either the United States (1.6%) or Japan (0.9%).

The index rose sharply in April in Denmark (2.5%), largely because of certain tax increases. It rose in the U.K. by 1%, because of higher rents, rates and water charges. But price rises pushed up the index in both Greece (1.5%) and Portugal (1.3%).

The index fell by 0.1% in both Germany and Luxembourg. As a result, Germany has recorded a fall in its annual inflation rate for the first time in over 25 years. Elsewhere in the Community, the rise in the index was close to the Community average for April (0.4%).

INFORMATION TECHNOLOGY: Commisison believes a greater effort is required

The European Community must spend far more on research into the information technologies; otherwise European firms may find themselves losing out on their home market to their American and Japanese competitors. The European Commission has combined this warning to the 12 member states with a call for the accelerated implementation of the Community's programme of pre-competitive R&D for the information technologies, launched in 1984 under the lively acronym ESPRIT*.

At stake is a market which is both large and in full expansion. Last year the market for information technology products and services amounted to some ECU 440 billion** for the western world alone. Experts have estimated it will grow by 15 to 25% a year until 1990. But the Community's share of its home market could have slipped to 21% by then.

The Commission therefore wants the member states to triple the effort they are putting into ESPRIT, the 10-year R&D programme which aims to provide the EC's information technology industries with the basic technologies they need to remain competitive. In 1984 the member states approved the programme for an initial period of 5 years. The Commission is now calling on them to speed up the launching of the second phase, given the early success of the first phase.

Commission Vice-President Karl-Heinz Narjes, who has responsibility for scientific research, believes that European industry is ready to undertake much bigger research projects because of the accelerated pace of technological development, on the one hand, and pressure from its competitors on the other. In the short space of 30 months ESPRIT can be credited with progress in standardization and software technology and with having stimulated cooperation between industrial firms and research institutions.

The Commission has listed some of the broad areas of pre-competitive research for the second phase of ESPRIT. They include microelectronics, advanced information processing and industrial and office automation.

Earlier this year, following the mid-term review, the EC Council of Ministers reaffirmed its commitment to ESPRIT. Among its specific recommendations: greater emphasis on the potential industrial application of results and more ambitious projects, to ensure a concentration of effort and resources.

* European Programme for Research and Development in Information Technologies.

** 1 ECU = UK£ 0.64 or IR£ 0.71.

AID: Community aid spans the Third World

China and El Salvador: no two developing countries offer a greater contrast. What they have in common, with nearly all Third World countries, is a large rural population. Not surprisingly, therefore, the two latest development projects which the European Community is financing in China and El Salvador are in the rural sector.

The Community is providing one million ECU* to help increase sugarbeet yields in China's Gansu province. This will raise both farm incomes and local production. The Community's aid, which is in grant form, will finance the first four years of a programme drawn up by the agricultural research institute at Jiuquan to develop sugar beet production. It will allow the institute to buy specialized equipment and send members for training overseas.

The Community has also agreed to give the University of El Salvador ECU 3.3 million in grants to re-equip its agricultural faculty and the electrical department of the faculty of engineering and architecture. The EC's contribution will provide not only laboratory equipment and motor vehicles but also the technical aid needed to ensure the most effective use of the new equipment and to improve educational methods.

* 1 ECU = UK£ 0.64 or IR£ 0.71.

RESEARCH: Community spending on R&D compared with the U.S. and Japan

The European Community will have to spend a higher proportion of its Gross Domestic Product on research and development (R&D) if it wants to catch up with its two major rivals in the technology race, the United States and Japan. The Community devoted 2.1% of its GDP for this purpose in 1984, the U.S. and Japan 2.7%, according to the European Commission, which was answering a question from the Irish Euro-MP, Ray MacSharry.

But the information provided by the Commission suggests that a big R&D budget is not enough to ensure success. The Japanese in fact seem to be getting the best value for money.

In 1984 they spent ECU 1,600 million* on R&D, as compared to ECU 4,600 million for the United States and just under ECU 2,800 million for the European Community.

* 1 ECU = UK£ 0.64 or IR£ 0.71.

HEALTH: National policies for reducing hospital costs vary greatly

The sharp rise in the cost of running hospitals has forced virtually all 12 member states of the European Community to look for alternatives. These include nursing homes for the long-term sick as well as home care, day hospitals and day surgery.

National policies to reduce the cost of health services vary greatly. While some member states are introducing budgeting systems to this end (France, Germany), others are cutting down the number of hospital beds or staff (Ireland, Belgium).

Given the legal and organizational difficulties which characterize the hospital sector in the various member states, the European Commission has refrained from proposing Community-wide policies. Its main objective, as it recently told a Belgian Euro-MP, Mrs Raymonde Dury, in reply to her written question, is to inform the national authorities what other countries are doing - and with what success.

An important role in this exchange of information is played by the regular meetings of senior social security officials from the member states.

CONSUMERS: Warning: This toy is unsafe!

The protection of consumers in general, and of children in particular, is left, in the European Community, to the initiative of its member states. That this leaves much to be desired is clear from the reply given by the European Commission recently to a question from an Italian Euro-MP, Vera Squarcialupi.

According to Mrs Squarcialupi, toy guns on sale in Italy carry the following warning: "Do not point gun at yourself or anyone else when loading or firing". But this alarming statement is in English, French and German only.

Toys are not covered by European safety standards. The European Commission proposed a Community regulation some three years ago but it was shelved. In any case, it did not lay down requirements as regards the translation of either the instructions for use or any warning included by the manufacturer.

Since March 1984, there exists a Community-wide system for the exchange of information on dangerous goods, but it comes into operation only when a member state decides to take special protective measures.

JOBS: More flexibility in working time could mean 3% more jobs

European industry could create an extra 700,000 jobs - a 3% "increase" - if there were no legal obstacles to the more flexible use of labour. This is brought out clearly by a survey conducted at the end of last year, for the European Commission, among company managers in nine European Community member states*.

The first results, published recently by the Commission, confirm that at times of high unemployment, such as the present, more flexible hours of work, part-time work and fixed-term contracts are favoured. However, the greater flexibility desired by employers is not entirely identical to that sought by workers (see Eurofocus Nos. 42 and 43/85). In any case, it will not, by itself, solve the unemployment problem.

Industrial firms, except those in Germany and the Netherlands, regard their present workforce as too large in relation to their needs. This "surplus" consists essentially of unskilled workers and office and sales staff. Engineers and technicians, on the other hand, are considered in short supply by about one-fifth of the firms interviewed, a finding which, in the Commission's view, points to the need for more training programmes.

Questioned as to why they are not taking on more workers, the firms interviewed gave insufficient demand for their products as the most important reason. Prices which are not competitive was the next most important. Other, frequently mentioned, reasons were the cost of social security and insufficient flexibility in hiring and shedding labour.

Asked what institutional changes to the labour market would encourage them to take on more workers than planned, the firms interviewed cited the following, in order of importance: shorter periods of notice and simpler legal procedures; more fixed-term contracts and job seekers with better training. A reduction in weekly working hours, it was felt, would create few jobs.

The survey showed that some 40% of industrial firms in Europe believe extra employment can be created by splitting certain full-time jobs, without undue economic disadvantage for the companies. Some 800,000 of them could be split into part-time jobs.

* The Twelve, less Denmark, Spain and Portugal.