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SUMMARY

P. 2 TRANSPORT: Clearing the way to a free market in road transport
The Twelve decide road transport shall be "European" by 1992.

P. 3 TRANSPORT: Linking John O'Groats to Palermo
A modern Community-wide network for ECU 20,000 million ... if the Twelve agree.

P. 4 INTERNAL MARKET: Government purchasing - still closed to "outsiders"
The European Commission tries to encourage Community-wide competition.

P. 5 UNEMPLOYMENT: A further drop ... but again seasonal in nature
370,000 fewer unemployed but the tide refuses to turn.

INFLATION: Prices more stable now throughout the Community
Prices rose in only 7 of the 12 member states in May.

P. 6 ENERGY: Not by atoms alone
A second call for proposals under the Community's 1985-88 research programme.

P. 7 AGRICULTURE: Cereals as the showpiece of CAP reform
Frans Andriessen, the European agricultural commissioner, explains why.

WOMEN: British housewife wins fight for sex equality
European judges call for equality in payment of invalid care allowances.

P. 8 INTERNAL MARKET: The high cost of "non-Europe"
Over ECU 55,000 million a year probably, thanks to national egotism.

P. 9 THE ARTS: Florence, the 1986 cultural capital of Europe
A lively season for the arts and a major conference in November.

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TRANSPORT: Clearing the way to a free market in road transport

The European Community Council of Ministers has taken a major step towards the free market in road transport which will come into effect in 1992, to coincide with the creation of a single internal market.

The Council has agreed to a substantial increase in the number of Community licences, which allow lorries to circulate freely among the member states. As a result, the number of such licences will rise to 56,000 by 1992, as against just over 7,300 at present. They will cover 75% of existing levels of trade, as compared to roughly 10% today.

The Council has also decided that the use of bilateral quotas is to be phased out by 1992. Much road transport within the EC is free of quotas, including transport between frontier regions and when a company operates its own lorries. However, several member states continue to apply a system of bilateral quotas, which the European Community Court of Justice has declared illegal.

The Council has agreed that such quotas are to be "adjusted to the needs of trade and transport between the relevant member states". In plain language, member states which resort to bilateral quotas will have to provide them more liberally hereafter.

Under the system of Community licences, which will govern road transport after 1992, licences will be issued on the basis of such criteria as professional competence of company and drivers and compliance with safety and social conditions.

The Council has also agreed, after years of negotiations, on the main elements of a Community directive on the weight and dimensions of lorries. The weight on the drive axle should be 11.5 tonnes from 1992 in all member states except two. The U.K. and Ireland are to have a derogation, the terms of which will have to be agreed to by the Council before 30 June 1988.

The other major issue on the Council's agenda was the deregulation of air transport. But progress was blocked yet once again because of sharp divisions among the member states.

TRANSPORT: Linking John O'Groats to Palermo

An ambitious plan now before the 12 European Community governments envisages the construction of a modern, Community-wide network of roads, railways and canals, at an estimated cost of ECU 20,000 million*, over the next 10 to 15 years. It involves two basic types of projects: those which (1) complete the existing network, as by filling a gap in a highway between member states and (2) provide an entirely new route, such as the Channel tunnel or a motorway through the Pyrenees.

The plan, which has been drawn up by the European Commission, seeks both to generate additional economic activity and reinforce the Community's economic and social cohesion. According to Stanley Clinton Davis, EC Commissioner responsible for transport policy, "Major schemes are needed which offer new hope to the Community's peripheral regions and bring member states closer together in political and economic terms".

Although a modern transport network is a key element in a genuine common market, it will require substantial new investment. The Commission in fact sees expenditure rising to about ECU 150 million a year by 1990. The Commission therefore has indicated how the money needed could be raised, and plans to give details in the context of the "financial engineering" policies to be launched soon.

The Commission has identified four major objectives. They include: improvement of transport links on routes which include a sea crossing; cost reductions through projects which favour combined transport (e.g. road/rail) and development of high speed links between capitals and major urban centres, using trains running at speeds of 160 kms/hr or more.

Not surprisingly, the Commission favours projects of European interest. Quite simply, this means projects which benefit both individual member states and the Community as a whole. The EC's primary rôle would be to ensure effective coordination when new projects are undertaken and to encourage those deemed necessary for its economic development.

The Community would act as a catalyst, bringing together member states; seeking the backing of industry and improving the economic environment, especially for private capital, by lifting administrative obstacles. The Commission also wants it to take part financially in the actual construction work, providing direct or indirect subsidies. These could amount to 15 to 20% of the cost of a project. The European Parliament, incidentally, has voted some ECU 260 million for transport projects between 1982 and 1986.

* 1 ECU = UK£ 0.63 or IR£ 0.71.

INTERNAL MARKET: Government purchasing - still closed to "outsiders"

It's time for a change! This more or less sums up the European Commission's reaction to the continued existence, some 30 years after the creation of the European Community, of the highly nationalist attitude of governments as buyers of goods and services. The Commission has therefore just launched an action programme aimed at giving all Community enterprises an opportunity to win government orders.

It is not simply a question of principle. At stake is a market which the Commission has estimated at over ECU 200,000 million* for the earlier, 10-nation Community, equal to 9% of its Gross Domestic Product. Defense purchases alone account for some 25% of this.

If government purchasing is still largely the preserve of domestic companies, it is because Community regulations allow too many exceptions, and are often ignored.

The 1971 and 1977 Community directives require national and local governments to invite tenders through the EC's Official Journal. Several key sectors have been excluded, however, among them transport, energy, telecommunications, defense equipment and water. Orders which do not exceed a certain minimum are also excluded.

Worse, Community directives (1) have not always been properly incorporated into national legislation and (2) are not applied with any enthusiasm by bureaucrats in the member states.

Faced with a situation which is very expensive for the Community's taxpayers, the Commission is seeking both a stricter application of existing regulations and new rules which would give government purchasing a more European character.

The Commission has announced that recalcitrant member states will be brought to book. It will also make sure that projects receiving Community funds conform to EC regulations on government purchasing. The Commission intends, moreover, to extend the present system to the sectors currently excluded from its application. But it will first launch a campaign to convince interested parties.

* 1 ECU = UK£ 0.63 or IR£ 0.71.

UNEMPLOYMENT: A further drop ... but again seasonal in nature

The number of unemployed fell by 370,000 in the 12-nation European Community in May, bringing the total to 15.6 million, according to the EC's Statistical Office, Eurostat. But it qualified the good news with the observation that the drop was due to seasonal factors. When these are taken into account, the level of unemployment is seen to be largely unchanged since the beginning of the year.

As in previous months, the drop in unemployment was sharper in the case of men than women. However, unlike previous months, the drop effected all member states.

In the 12-nation Community unemployment among the under 25s fell by 1.6% only, as against a fall of 2.9% in the case of those 25 years and over. At the end of May, the under 25s still accounted for as much as 37% of total unemployment in the EC*. But this average conceals significant national differences. In Spain and Italy over half the young are jobless, but in Germany and Denmark the proportion is around one-fourth.

* excluding Portugal.

INFLATION: Prices more stable now throughout the Community

Inflation is increasingly on its way down throughout the European Community. Prices rose in only 7 of the 12 member states in May, according to Eurostat, the EC's statistical office. They fell in Belgium by 0.2%, in Portugal by 0.5% and remained unchanged in Germany, the Netherlands and Luxembourg.

Even where prices rose, the increases were small: 0.2% in the U.K. and France, 0.3% in Spain, 0.4% in Italy and 0.5% in Greece and Denmark. In Ireland, where prices have risen 1.2% in 3 months, the increase in May was estimated at 0.4%.

The consumer price index rose 3.5% for the 12-month period ending May, as against 3.7% in April, for the 12-nation Community. But the EC has yet to catch up with the United States and Japan, where the annual inflation rates were 1.6% (in April) and 0.7% respectively.

Between May 1985 and May this year prices rose 0.4% in Luxembourg, 0.5% in the Netherlands, 1.1% in Belgium, 2.3% in France, 2.8% in the U.K., 3.8% in Denmark and 4.4% in Ireland. Other member states did less well. Prices rose 6.4% in Italy, 7.8% in Spain, 11.5% in Portugal and 24.5% in Greece. But they fell by 0.2% in Germany over this same period.

ENERGY: Not by atoms alone

Long before Chernobyl became a household word, the European Community decided not to put all its eggs in one basket. Its vast, general research and technology programme includes research into nuclear fission, with the focus on nuclear safety. But it also provides for an extensive Community research and development (R&D) programme in non-nuclear energy, whose two main strands are (1) the development of new and renewable sources of energy and (2) the rational use of energy.

The EC's Official Journal (No C 146) in fact recently carried details of the second call for R&D proposals in the field of non-nuclear energy. The call is being made under an ECU 175 million*, 4-year (1985-88) programme. And judging by the response to the first call, made last year, the European Commission can expect to receive far more projects than it can fund jointly with the firms, universities and research institutes that have put them up.

The fact is the first call elicited nearly 1,500 proposals. Only 550 could be retained, however. Even so, they represent a total expenditure of some ECU 260 million, with the Community providing some ECU 130 million.

Over half the projects were submitted by industry, including numerous small and medium-sized firms. They cover solar, wind and geothermal energy as well as energy from biomass. But there are also projects for saving energy, optimising the production and use of hydrocarbons and using new energy carriers. Very advanced technologies are involved, ranging from new types of fuel cells to new oil exploration methods.

All the EC member states are represented. The Commission in fact gives preference to proposals submitted jointly by companies and organisations located in different member states; it can also call in those proposing research in related fields to work closely with each other.

The second call is for proposals in the areas of solar energy; energy from biomass; wind energy and the production and utilisation of new energy vectors**. All proposals will be regarded as confidential, in order to protect the industrial-property rights and commercial interests of proposers.

Research proposals can be submitted by persons and undertakings established on the territory of a member state, not later than 15 September 1986. The proposed research will have to be completed by 31 December 1988. The Community's contribution will normally not exceed 50% of the total cost.

* 1 ECU = UK£ 0.63 or IR£ 0.71.

** Details from the European Commission, Non-nuclear Energy R&D Programme, 200 rue de la Loi, B-1049 Brussels, Belgium.

AGRICULTURE: Cereals as the showpiece of CAP reform

Press coverage of the dispute between the European Community and the United States over trade in agricultural products is full of terms like retaliation, escalation and deterrence. "It sounds more like the Geneva arms limitation talks" the European Agricultural Commissioner, Frans Andriessen, told European grain and cattlefeed dealers recently. But he went on to make a point which the heat generated by the dispute has obscured.

This is that the EC has already set about reforming the common agricultural policy (CAP), to bring it more into line with market realities. Mr Andriessen thought the cereals sector was the best example of this. Intervention prices have been frozen for the third consecutive year, while the rules for intervention have been changed, so that it can play its original role of the farmer's last resort.

The emphasis now is on quality, with a special premium for high quality wheat, to steer farmers towards the qualities in demand, especially on export markets. A coresponsibility levy has been introduced, so that producers share in the cost of surplus disposal. But accompanying these measures are others, aimed at helping small producers.

The Agricultural Commissioner described this as a two-track policy: more market oriented, while taking account of the need to maintain the social fabric of rural areas. Even so, he expressed doubts as to whether even this new policy can cope with productivity gains due to new developments in biotechnology.

To do so, Mr Andriessen declared, the Community will have to tackle the question of land use as a matter of urgency. It was necessary to put agricultural land to non-agricultural uses, with farmers being remunerated for their role in maintaining the landscape, for example. He noted the European Commission had made some concrete proposals recently but the Community still had a long way to go.

WOMEN: British housewife wins fight for sex equality

Jacqueline Drake, a 41-year old married woman living with her husband, has won her fight for sex equality, at least as regards social security allowances. The European Community Court of Justice has ruled that Britain's Social Security Act contravenes Community law in that it denies women invalid care allowance, as envisaged in a Community directive, to which married men are entitled under similar conditions.

INTERNAL MARKET: The high cost of "non-Europe"

The European Parliament believes that what it calls "non-Europe" is costing the European Community a fortune - probably more than ECU 55,000 million* a year, which is twice the EC budget. "Non-Europe" is the sum total of the obstacles to the creation of a Europe without frontiers, in which people as well as goods, money and services can move around freely.

But in order to cut down the cost of "non-Europe" one must have a clear idea of just where it is incurred. Hence the European Parliament's decision to ask a qualified research institute to make a thorough study of the question by December 1987.

Some idea of the size of the problem can be had from available partial estimates. What seems to cost the European taxpayer the most is government purchasing, as it is not on the basis of Community-wide tenders (see p. 4). The fact that national governments as well as regional and local authorities prefer to buy goods and services domestically, even if it means paying more, costs the Community some ECU 40,000 million a year, according to Prof. R.J. Ball and Mr Michel Albert, in their 1983 report on Europe's economic recovery.

In second place is the cost of border formalities within the EC, which the European Commission has estimated at ECU 10,000 million. Some two years ago Parliament itself had put the cost at ECU 12,000 million a year.

The cost of administrative obstacles to intra-Community trade was put at 5 to 10% of the value of the goods by the European Commission. But it is the consumer who pays, of course.

The Community's division into 12 national markets acts as a brake on economic growth. The Commission put the shortfall in economic growth at ECU 10,000 million for 1983 alone. And the fact that there are 12 different currencies doesn't improve matters. Parliament has estimated the total cost to traders of buying and selling Community currencies at ECU 2,400 million a year.

These sums, some of which can be cross-checked, do not take into account the social cost of "non-Europe". Parliament wants the research institute to take into account the potential social cost of creating a large, single internal market.

* 1 ECU = UK£ 0.63 or IR£ 0.71.

THE ARTS: Florence, the 1986 cultural capital of Europe

For some years now the European Community has been keen to demonstrate that it is not simply a museum piece or a collection of tableaux vivants. In fact it is planning a major conference this November, which will turn the spotlight on European culture, economy and high technology in the city which has been chosen as Europe's cultural capital for the year, Florence.

The Conference theme will be the place of culture in the development of modern European society. Organized and funded by the European Commission, in collaboration with the European University of Florence and the local authorities, it will bring together leading politicians, thinkers, artists, scientists, businessmen and industrialists.

The European Commission hopes the conference will lay the basis of the Community's cultural policy. To this end, a series of studies on the links between culture, the economy and the new technologies will be carried out by November. Work will continue after the conference, to help the Commission prepare the proposals it will submit to the Community's Council of Ministers.

The interaction between culture and the most advanced technologies will be the subject of an exhibition, to be held in Florence at the same time as the conference. Here the public, as well as artists and those with a professional interest in the arts, will discover how technology can help create, inform, teach, carry out research and preserve work of art. Visitors to the exhibition will even be able to try their hand at the new techniques.

Florence is the second city to be chosen as Europe's cultural capital, since the 1984 decision of the Community's cultural ministers to select a city each year for this honour. Athens was the first city to be chosen. Next year it will be the turn of Amsterdam, then Berlin (1988) and Paris (1989).

Florence is hosting a series of exhibitions and other cultural activities this year, after an official opening on July 1, attended by the European cultural commissioner, Carlo Ripa di Meana. But Florence plans to remain a European cultural centre after 1986. It will house the European centre for the recovery of stolen works of art and a training school for European television journalists.