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FRAUD: A grave problem for the European taxpayer

The European Parliament demands preventive as well as repressive measures.

Fraud is said to be a "national sport" in some countries of the 12-nation European Community. But it is also a typically Community "sport", according to the French Euro-MP, Guy Guermeur, whose report on the subject was recently adopted by the European Parliament.

While it is impossible to determine the exact extent of Community fraud, the cases which have come to light suggest that it is highly profitable for criminals and unscrupulous individuals and extremely costly for the European budget - and therefore Community taxpayers.

Thus 327 truckloads of butter from third countries were fraudulently imported into Italy as Community butter in 1974 and 1975, with a view to avoiding import duties and taxes amounting to over Lit 10 billion.

Since 1976 fraud involving the distillation of wine is estimated to have cost the Community tens of millions of ECU\* each year. In certain regions an estimated 80% of all premiums paid out for the slaughter of milk cows were fraudulently obtained. The Mafia itself has shown a growing interest in Community aid, and cases of fraud discovered in Sicily are seven times more numerous than the average for all the regions of the 12-nation Community.

While fraud is a world-wide phenomenon, Mr Guermeur has noted that the very complexity, accompanied by a certain vagueness, of certain regulations governing Community aid has encouraged the growth of a veritable industry, whose aim is to take advantage of these regulations to defraud the Community. Hence the demand by the European Parliament that all operations set up with the specific aim of getting around existing regulations be firmly excluded from the benefits of Community aid.

The report claims that national authorities do not show the same zeal in stamping out fraud against the Community as they do when dealing with cases of national fraud. What is more, certain member states are more severe than others in this matter.

The European Parliament is pressing for the harmonization of the practices of national administrations, a better coordination between the various national authorities themselves and between them and the European Commission and "Community" penalties for those found guilty of fraud. Parliament would also like the Commission to make independent checks.

\* 1 ECU = UK£ 0.71 or IR£ 0,78.

FREEDOM OF MOVEMENT: Not so free for certain couples

In nearly all EC countries the spouse who is a national of a non-member country needs a visa.

Travel within the European Community can be more complicated for some couples than you would think. This is especially true of nationals of a member state who unthinkingly marry someone from a non-member country, someone who wants - or is obliged - to keep his or her own nationality. In such cases the husband - it could be the wife, of course - can travel freely throughout the Community but his better half probably needs a visa simply to accompany him.

Imagine such a couple leaving Britain for a holiday on one of the Greek islands. They decide to stop off in the Netherlands, Belgium, Luxembourg, France and Italy before settling down in the Mediterranean sunshine. As the spouse has the nationality of a non-member country he, or she, may need up to half a dozen visas. Only Germany does not require a visa in such cases.

The difficulties of such "bi-national" families were raised by a German Euro-MP, Hans-Gert Poettering, in a written question to the European Commission. In his reply Lord Cockfield admitted that certain families, although clearly European, faced difficulties. Under Community law as it stands member states can require nationals of non-member countries to obtain an entry or transit visa. Article 3 of a 1973 Council Directive merely states that in the case of "bi-national" families member states "shall accord to such persons every facility for obtaining any necessary visas".

A survey conducted by the Commission showed that member states in fact do facilitate the granting of visas. But the fact remains that the need to obtain a visa is far from satisfactory.

It was for this reason that the European Commission, in its White Paper on the completion of the internal market, announced that it would be putting forward in 1988 proposals for directives on the coordination not only of the rules regarding nationals of non-Community countries but also national visa policies.

Happy holidays, everyone!

AGRICULTURE: Supporting farm incomes

The Commission adopts the proposals it will send to the Council.

The European Commission envisages an expenditure of some ECU 500m.\* on its programme of structural measures for agriculture. The European Community's executive arm in fact has just adopted a 3-part proposal which it will be sending to the Council of Ministers.

It provides for (1) support for farm incomes on a Community basis; (2) a regulation setting up a framework within which the member governments can aid farmers financially and (3) a system of Community incentives aimed at encouraging early retirement.

The first part of the proposal relates to farms of intermediate size which, while potentially viable, find themselves facing an uncertain future because of the ongoing reform of agricultural markets.

The aid, to be phased out over a 5-year period, could be extended whenever incomes were less than 125% of the average for the region, increased by an amount representing a national adjustment factor, although the total could not exceed 125% of the regional average. The Community's financial contribution would vary from region to region (70%, 45%, 20% and 10%). It would be borne by the Community Agricultural Guarantee Fund for 80% of the total and by its Agricultural Guidance Fund for the remaining 20%.

The second part of the proposal would authorize the member states to help farmers whose incomes were below the average for the region, as eventually increased by the national adjustment factor. Once again the aid given could not raise incomes to a level above the average for the region. Even so, compensation which provided for a price supplement or was calculated on the basis of production or production factors (other than labour) employed, would be disallowed. This aid would be financed entirely by the member governments themselves.

The third part of the proposal relates to farmers 55 years and above in age. It provides for two forms of early retirement, depending on whether the land would be put to non-farm use or continue to be farmed but after reorganization, on condition that the farms became viable and that their reorganization did not result in an overall increase in production.

Community financing would be provided at a uniform rate (50%) in the first case and at a variable rate in the second (50%, 25%, 0%), depending on the prosperity of the region, the level of farm employment and the gravity of the structural problems. The number of farmers likely to take advantage of the scheme has been estimated at 40,000 (plus 4,000 farm workers). Some 480,000 hectares should be eventually withdrawn from production for the period 1988-1992, at a cost to the Agricultural Guidance Fund of ECU 294m. As for the early retirement scheme with reorganization of farms, some 65,000 farmers could be expected to take advantage of it, involving an expenditure of some ECU 170m. for the period 1989-1993.

These expenses would be partly offset, however, by reduced farm surpluses. In any case, Community action aimed at making markets for farm products

healthier and reinforcing structural reforms can only be made more effective if part of a system which allows farm incomes to be supported through direct and selective aid.

The measures adopted by the Commission would allow poorer farmers to be helped financially without, however, leading to higher production by farmers as a whole in any given sector or region.

\* 1 ECU = UK£ 0.71 or IR£ 0.78.

#### ENERGY: Yes to nuclear energy - as long as it's safe

Euro-MPs and the European Commission agree to continue backing atomic energy.

Despite Chernobyl, the European Community must not abandon nuclear energy as a source of electricity. But it must do all it can to ensure its safety. This view was expressed by a majority of Euro-MPs, and the European Commissioners directly concerned with the issue, in a debate on nuclear energy in the European Parliament, held nearly a year after the nuclear accident in the Ukraine.

By 180 votes to 161, with two abstentions, the Euro-MPs adopted a resolution presented by the British Conservative, Madron Seligman, calling for the continued development of electricity production from power and coal. Euro-MPs in favour of nuclear energy came from the ranks of the Conservatives, Christian Democrats and Liberals. They were joined by some Socialists, Communists, neo-Gaullists and members of the European Right. The opposition consisted largely of Socialists and Communists, as well as the Greens.

During the same debate the Euro-MPs rejected by 163 votes to 135 a text submitted by the Greens, asking the Twelve to abandon the construction and use of fast breeder reactors, currently the most advanced type of nuclear reactor.

The European Energy Commissioner, Nicolas Mosar, reminded Parliament that nuclear energy presently accounts for 14% of the Community's energy requirements. This is the equivalent of over 100m. tonnes of petrol, or half the annual output of Saudi Arabia. The Commissioner held that the economic consequences of a Community decision to give up nuclear energy would be "incalculable". The present temporary fall in oil prices was no reason for such a step, in his view.

The European Environment Commissioner, Stanley Clinton Davis, stressed that safety should be the primary consideration. He indicated that the European Commission still favoured the creation of a corps of European nuclear inspectors, although several member states were opposed to it.

Mr Davis recalled the Commission's recent proposal for setting up a rapid information system, covering all nuclear installations and activities, "including military ones". He concluded with the warning that "complacency kills".

A PEOPLE'S EUROPE: In case of misfortune, dial Europe

The implementation of a Community-wide system of civil defence.

There is no shortage of accidents and catastrophes in the world. The European Community is not exempt from them and knows it. The European Commission in fact has just adopted a Communication to the member governments, together with a draft resolution which provides for Community-wide cooperation in the field of civil defence.

As shown by the public response to the tragic floods in the Netherlands and Italy in the early 1950s, Europeans have always come to the rescue of disaster victims. Thus even before the creation of the European Community, Europeans were not insensitive to the idea of belonging to the same community and of the need to close ranks in time of need. Even so, this spontaneity required a framework for its greater effectiveness.

The Commission's proposal does just this. Presented by Commissioner Carlo Ripa di Meana, it will be discussed by the Council of Ministers responsible for civil defence on May 25. The activities envisaged, and already approved by the Commission, are aimed at dealing with disasters, whether natural or man-made, of such severity and scale that individual member states cannot hope to cope with them unaided.

The Commission's proposal provides, among other things, for (1) the adoption of a manual on civil defence in the Community; (2) the creation of a permanent network of civil defence correspondents; (3) disaster simulation and (4) a system of informing the public and making it more aware of the importance of civil defence.

The manual will set out the current situation as regards disaster relief in the Community. It will contain information on the procedures for launching a state of alert, the possibilities for seeking outside help, the coordination of relief operations which cross national frontiers and the list of available means.

The permanent civil defence network will become operational from 1 July 1987. It will enable the rapid exchange of information on needs and the means available to deal with disasters. Disaster simulation is similar to "large-scale manoeuvres". It was successfully tested in 1985, at the European Commission's initiative, in the context of the fight against forest fires. The exercise, codenamed "Florac 85", which took place in France, showed that it is possible to mobilize and move firefighting personnel and equipment within 24 hours from Germany, Greece, Portugal and Spain.

As for informing the public and creating greater awareness of civil defence, the Commission has proposed, as a first step, a single number for emergencies for all the member states. A unique, and effective, way of fostering the European spirit.

JOBS: From an introduction to lasers to training programmes for the "excluded".

ECU 3,000m.\* for employment in 1987 from the European Social Fund.

The European Social Fund (ESF) should help over three million individuals find a job or be trained for one this year. The sum total of the aid approved recently by the European Commission for 1987 is in excess of ECU 3,000m. It represents a sharp increase over the ECU 2,520m. provided last year by the ESF, and will finance hundreds of projects in the 12-nation European Community.

Projects for the under-25s will receive more than ECU 2,300m.; the Fund's rules in fact require that 75% at least of the aid be earmarked for this age group. In the same way, at least 44.5% of the total must go to the most disadvantaged regions: Ireland, Northern Ireland, the Italian Mezzogiorno, Greece, Portugal, France's overseas departments and several regions in Spain.

Virtually all the aid extended by the Fund helps finance national employment programmes. However, a small part of it, which cannot exceed 5%, can be used to finance experimental programmes. These "specific actions" account for some 3% of the total this year.

As a general rule the Social Fund meets 50% of the cost of a project and the national authorities the balance. Exceptionally, the Fund will contribute 55% of the total for projects in the most disadvantaged regions. While most projects are in the field of training, some provide employers help with hiring staff, while yet others are aimed at encouraging the social and professional integration of people on the fringes of society.

This year's projects include several which provide the young training in the new technologies. The Social Fund will help a professional body in the north-east of England train video specialists; it will also provide financial backing for an experimental Italian project to enable 15 skilled workers learn about lasers. The Fund will also help small and medium-sized businesses introduce new technologies and retrain employees.

European "immigrants", women and persons excluded from national and regional training programmes will also be helped by the Fund this year to obtain training.

\* 1 ECU = UK£ 0.71 or IR£ 0.78.

HEALTH: The return of the vampires

Traffic in blood in southern Italy.

In traditional horror stories vampires sucked their victim's blood. In the horror of contemporary daily life they prefer to buy it, by taking advantage of the distress of the jobless, for example, reselling the blood to hospitals or individuals, even while making a profit on the operations.

This is happening not only in Bari but also in other Italian towns, especially in the Mezzogiorno region, as a Belgian Euro-MP, Mrs Raymonde Dury, has pointed out in a written question to the European Commission. The dealers in blood are so well organized that in certain hospitals blood donors are turned away, in order to create a "shortage", thus forcing the hospital authorities to buy blood at high prices.

The fact is that while the "donors" receive between ECU 75\* and ECU 150, the hospitals are charged twice as much - and more. This situation, as Mrs Dury has pointed out, is not only scandalous but also very dangerous, given the total absence of any checks on the health of the "donors". The latter therefore could transmit such diseases as hepatitis, as well as endangering their own health, given the high incidence of thalassaemia, a serious form of anemia, in the Mediterranean region.

The Commission, while aware of the difficulties encountered by member states in obtaining adequate supplies of blood, would like them to take all necessary steps to prevent practices which are as unethical as they are dangerous.

The Commissioner for social affairs, Manuel Marín, reminded Mrs Dury of the Council of Europe's resolution on the "harmonization of legislation of member states relating to the removal, grafting and transplantation of human substances". It expressly stipulates that transfers of any substances shall be free of charge.

\* 1 ECU = UK£ 0.71 or IR£ 0.78.



UNEMPLOYMENT: Practically unchanged in February

A slight fall in relation to January but a 1% increase over 12 months.

The situation on the unemployment front remained practically unchanged in February. The number of jobless fell by 140,000 in the 12-nation European Community as compared to January, but rose by 220,000 over the 12-month period. At the end of February unemployment in fact was 1.3% up on February 1986, according to the latest bulletin from Eurostat, the Community's statistical office.

Of the nearly 17m. unemployed in the Community at the end of February, over 3.3m. were to be found in Italy, over 3.2m. in the U.K. and nearly 3m. in Spain, 2.7m. in France and 2.5m. in Germany.

During February unemployment declined in all member states except Spain, Italy and Luxembourg. Over the 12-month period ending February 1987, unemployment rose in nearly all EC countries, with France managing a record 8% rise. During the same period, the number of jobless fell in Britain, Belgium, Denmark, Germany and the Netherlands.

In one year the number of under-25s on unemployment registers in the Community fell by 22,700. However, youth unemployment rose in Ireland, Italy, Greece and Spain.

ECONOMY: A slowdown in the 12-nation Community

Industrial production and exports decline between November and January.

There were clear signs of a slowdown in the rate of economic growth for the European Community during the three months from November to January. Industrial production increased at a slower pace than a year ago, while exports fell by 15% in terms of ECUs and by 10% in volume, according to the latest figures from Eurostat, the Community's statistical office.

Industry's relatively unfavourable results were due mainly to stagnation in the capital goods sector, according to Eurostat. The average increase in the index of industrial production was only 2.1% in 1986, as compared to 3.3% in 1985. Industry in the United States experienced a similar slowdown while production actually fell in Japan.

As for the fall in the Community's exports, it no doubt is related to the fall in the value of the dollar.