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SECURITY: The Twelve are increasingly on the same wavelength ...

in the fight against terrorism and illegal immigration.

Cooperation between the security services of the twelve European Community countries is growing. At a meeting in Luxembourg at the end of April the Community's home affairs and justice ministers agreed to complete their system for exchanges of information on terrorism and to follow similar procedures as regards illegal immigrants and false political refugees.

The Luxembourg meeting was in the framework of the Trevi group, set up in 1975, which groups the Community's justice and home ministers and their senior officials. The name is taken from the fountain in Rome, close to the site of the group's first meeting. But the letters also stand for the words terrorism, radicalism, extremism and violence, a clear reference to the group's mandate.

In Luxembourg the ministers agreed their services will keep each other posted, on a permanent basis, of terrorist threats, whether originating within the Community or not. The information will be exchanged among the Twelve over a well-protected network which is currently being installed.

The ministers also put the final touches to the system enabling them to keep each other informed of "undesirable" aliens who present a terrorist threat. They also agreed to exchange information on thefts and discoveries of weapons and explosives likely to be used for terrorist ends.

The ministers will set up, on an experimental basis, a kind of permanent secretariat, entrusted with the task of continuously coordinating their activities at the European level.

The ministers also agreed on a number of principles to be applied to those seeking political asylum. Transport companies bringing in passengers who do not have the necessary entry documents would be both fined and required to take them back at their own expense. The Twelve will also deal more quickly with demands for asylum which "manifestly are not founded" or "likely to endanger law and order".

UNEMPLOYMENT: Down in March - thanks to better weather

But up in relation to 1986.

The number of unemployed in the 12-nation European Community had fallen to 16.8 million by the end of March. This was 1.7% fewer than in February, according to the Community's statistical office, Eurostat, which put the change down to seasonal factors. The fact is that unemployment was up 1.8% in relation to March, 1986.

The decline in March was general, ranging between 2.3% and 3% for most member states. It was less than 1% in France, Italy and Spain, however.

In all Community countries, except Italy, unemployment among the under-25s declined in March, falling by over 10% in Greece and Luxembourg, 7% in Denmark and 6% in Belgium and Germany. Elsewhere, the fall was less pronounced: 3.2% in the Netherlands, 3% in the U.K. and 2.5% in France and Ireland.

Eurostat attributed these falls partly to more effective job creation measures at the national level. Youth unemployment has fallen in only one EC country out of two over a 12-month period.

INFLATION: Price index rises over a 12-month period

But the gap between the EC and the US shrinks.

Prices rose only moderately in the 12-nation European Community in March - by 0.3%, in fact, as in February. Compared to March 1986, prices rose by 3.1%, however, as against a 12-monthly rise of 3% in February and 2.9% in January.

Prices rose more quickly in the United States than in the Community during the first quarter of 1987, with American prices rising by 0.4% in March. The American rate of inflation was 3% on a 12-monthly basis and thus very close to the rate for the Community. This should help European exporters.

But the gap between Community and Japanese inflation rates continued to widen. Between March 1986 and March of this year Japanese prices fell by 0.8%, although they had risen by 1.3% in the previous 12-monthly period. This is bound to affect European competitiveness on the Japanese market.

Within the Community, inflation on a 12-monthly basis ranged from -0.7% in the Netherlands to 16.8% in Greece.

EMPLOYMENT: The adaptation of firms in relation to employment

A Commission memorandum for the 33rd session of the Standing Committee on Employment.

The internal and external adaptation of firms in relation to employment is the subject of a memorandum which the European Commission has adopted, and which will be discussed next month by the Standing Committee on Employment. The current trends in this area are discussed under five heads: the organization and content of work in relation to training and information; the reorganization of working time; varieties of employment contracts; wage adjustments and dismissal and recruitment schemes.

The memorandum marks the new stage in the dialogue with employers and trade unions at the Community level. On the basis of it the European Commission will reach its conclusions, before the end of the year, on a certain number of subjects likely to contribute to the control of the economic and social changes which firms will have to face up to.

Adaptation to changes within the firm are affected, in the first place, by changes in the organization of work which brings about extensive modifications in the distribution of working time, as well as differentiation in the level of professional qualifications, wages and types of employment contracts. Hence the importance for workers of training, on the one hand, and information on the other.

The second topic covered by the memorandum, reorganization of working time, has proved in practice to be one of the most effective ways of fighting unemployment, provided it is used in economically healthy conditions.

The memorandum also deals with the recent development of so-called atypical contracts (part-time, fixed term, temporary employment, etc.) which, provided they are accompanied by acceptable working conditions, can make a substantial contribution to a more equitable distribution of work. To increase the degree of integration in the labour market, and to better fight against illicit employment, atypical jobs should be covered more fully by collective agreements.

As for wage adjustments, the policy of wage restraint pursued since the early 1980s has resulted in a 6% fall in the real wage cost/productivity index over the period 1981/86. In parallel with wage restraint, attempts have been made to adjust minimum statutory wages as well as initial wages for young people. But flexibility in this area is not enough by itself to render the organization of work more effective; the effect depends substantially on specific circumstances, an aspect which both sides of industry must take into account.

Finally, dismissal and recruitment schemes. The last topic taken up in the memorandum is also the thorniest. The greater flexibility now evident in the regulations concerning individual dismissals do not allow general conclusions to be drawn as regards the effect on employment. The costs and difficulties arising from redundancy payments and dismissal procedures discourage firms from laying off workers and taking them on. However, the subject is so complex and sensitive that it must be examined from several angles, at short as well as medium term.

#### HEALTH: Radioactive contamination of foodstuffs under scrutiny

100 experts give their views; it's now up to the politicians.

The European Commissioner, and others with political responsibilities, now possess all the scientific evidence, as well as the principles needed for drafting a "good" regulation on the radioactive contamination of foodstuffs. During four days, at the end of April, some 100 experts from the four corners of the earth looked at the problem from every angle, during a conference organized by the European Commission.

According to the experts, the consumption of contaminated foodstuffs in the event of a nuclear accident requires specific standards, distinct from those established for other cases of radiation exposure, including proximity to nuclear power stations. In order to decide whether or not to intervene, after a nuclear accident, the competent authorities should take into account the level of radioactivity that would be reached in case of non-intervention.

As for tolerance levels, they should "imperatively" be fixed by agreement between the different countries. But the experts believe that, as regards food for consumption, different levels may apply in the area of the nuclear accident on the one hand, and in foreign trade, on the other.

The experts stress the fact that before deciding on whether or not to ban sales of a given food product the competent authorities should balance the need to protect the population as effectively as possible against the need to avoid the unnecessary disruption of economic activity.

The European Commission will use the experts' conclusions when drawing up its proposal for a Community regulation on "European" intervention levels, which it hopes to send to the EC Council of Ministers by mid-June.

STEEL: Structural changes, yes, but along with social measures

The European Commission's stand on the European industry's problems.

The worst is not yet over for the European Community's steel industry. The European Commission expects the industry to shrink still further in the years ahead. But it maintains that the job losses which are inevitable must be accompanied by social measures - measures which the EC Council of Ministers has refused to finance so far at the Community level.

Since 1981 Europe's steelmakers have been implementing a Community programme of structural change, involving a reduction in production capacity and large-scale redundancies. Between 1981 and 1985 those laid off benefited from redundancy payments, early retirement schemes and retraining programmes, partly financed by the European Community.

The Commission is now pressing the member governments to commit themselves to providing the same social measures to workers threatened by further mill closures. For several months it has been vainly asking that the necessary sums be transferred from the Community's general budget to that of the European Coal and Steel Community (ECSC).

Karl-Heinz Narjes, a Commission Vice-President with responsibility for industry, believes that "without this transfer, it will be difficult to guarantee a (Community) contribution at the same level as in the past". The Commission nevertheless is currently looking for ways and means of raising the sums needed. Mr Narjes told the European Parliament's Economic Committee that the Commission "would not give up".

The prospects are scarcely favourable for the Community steel industry, according to the Commission's latest estimates. Although the United States continues to limit imports of European Steel, the American steel industry is becoming increasingly competitive, thanks to a falling dollar.

American steelmakers could, therefore, prove very strong competitors for the Europeans, even while countries such as Taiwan and South Korea steadily increase their share of a market that appears to be shrinking by some 2% a year.

Under these conditions, according to the European Commission, the Community's steel industry, which has already reduced production capacity by more than 31m.t. since 1981, must expect to cut capacity by another 34m.t. between now and 1990.

SEA TRANSPORT: The EC has the largest merchant navy

Greece and Spain lead their Community partners.

If the twelve European Community countries were to follow the European Commission's suggestion and adopt a Community flag for their maritime fleets, it would be the flag most frequently encountered in the world's shipping lanes. The fact is the Twelve as a group had the largest merchant navy in 1985, the latest year for which figures have been published by the European Community's statistical office, Eurostat.

In 1985 the Twelve had a fleet of over 15,000 vessels, as against 10,000 for Japan, 7,000 for the Soviet Union, nearly 6,500 for the United States and 5,500 for Panama. Almost one ship in five\* flew the flag of a Community member state in 1985.

The 12-nation Community ranked first in tonnage also, with over 88 million tonnes gross, or some 21% of the world total, in 1985. The second and third places were occupied by flags of convenience, Liberia (58m.t. gross) and Panama (40m.t. gross). They were followed by Japan (just under 40m.t. gross), the Soviet Union (25m.t. gross) and the United States (20m.t. gross).

Among the Community countries, Greece ranked first with 2,600 ships and 31m.t. gross. Spain was second as regards the number of ships (nearly 2,500), the U.K. in terms of tonnage (14m.t. gross).

The Community had 1,200 tankers in 1985, which put it in second place, just behind Japan, with over 1,300. The Community ranked first in tonnage, however, ahead of Liberia.

\* Excluding vessels under 100t. gross.

AIR TRANSPORT: A fragmented Community fleet, behind the U.S.

The 12-nation Community has more airlines but fewer aircraft than the U.S.

There were no fewer than 13 major airlines\* in the 12-nation European Community in 1984, as against only six in the United States. But the 13 together owned just 700 aircraft, as against a little over 1,250 for their American competitors, according to the latest volume of statistics published by the Community's statistical office, Eurostat, under the title "Basic Statistics of the Community".

As for the number of passengers carried, Community airlines were well behind the American. However, the former had a higher load factor, with the Dutch KLM and Portugal's TAP managing a record 69%, as against an American average of 62%.

\* Excluding SAS, jointly owned by Denmark, Norway and Sweden, as the last two are not members of the European Community.

### COMMUNITY AID: Its two priorities: the jobless and the poorest regions

The Commission proposes more effective policies in order to reduce disparities within the EC.

If the 12-nation European Community is to be ready for the completion of the single market in 1992, the Community's regional, social and agricultural funds will have to work more effectively, devoting themselves to a number of clearly defined priorities. This is the basic idea behind the European Commission's recent proposal, aimed at reforming the Community's structural policies.

The Commission's goal, as it has pointed out in its proposal, is a doubling, between now and 1992, of the sums made available to the European Social Fund (ESF), the European Regional Development Fund (ERDF) and the Guidance section of the European Agricultural Guidance and Guarantee Fund (EAGGF).

A major aim of the proposed reform is to define more clearly the priorities and types of activities to be funded by the Community. The principle of it is to be found in the Single European Act, the text which modifies the "European constitution" and which should come into force in the months to come.

For the Commission, the highest priority is the development and adaptation of the Community's backward regions: Greece, Ireland, Northern Ireland, Portugal, certain areas of Spain and France's overseas departments. The reform now proposed envisages up to 80% of the resources of the ERDF being devoted for this purpose, together with money from the ESF and the guidance section of the EAGGF.

The other priority activities relate to the reconversion of industrial areas in decline, the fight against long-term unemployment, youth employment and agriculture's adaptation to the reform of the common agricultural policy, which has been going on for nearly three years now.

The proposal for reform excludes direct aid to individual projects, although this is current practice, in order to favour multi-annual programmes. With this in view the Community should forecast each year its expenditure for the next five years and help interested national, regional and local authorities, supplying them studies and technical aid.

The reform's broad guidelines should be adopted by the EC Council of Ministers. As for the details of the activities to be undertaken, the Commission plans to submit specific proposals to the Twelve before the summer.



STOCK MARKETS: Insider trading comes under fire

The European Commission wants the Twelve to check abuses in identical fashion.

If the Twelve accept the European Commission's recent proposal, the "insiders" who take advantage of their position to speculate in shares themselves, or to pass on "tips" to others, would find themselves subject to the same sanctions and penalties throughout the 12-nation European Community.

In recent times several scandals, and notably the "Guinness affair", have shown just how widespread the phenomenon of insider trading has become. Professionals, especially stock brokers who, by the very nature of their occupation possess confidential information on companies whose shares are quoted on the stock exchange, can buy and sell shares, or advise others to do so, with a view to influencing share prices.

Such activities are curbed in the U.K., France and Denmark. In Germany stock market operators undertake, on the basis of rules which are not binding, however, not to take advantage of any confidential information they may have. Three Community countries - Belgium, Ireland and the Netherlands - plan to introduce special legislation to deal with the problem.

At a time when stock exchange operations are taking place increasingly across national frontiers, and when the European Community is working towards a genuine European capital market by 1992, the existence of widely differing national regulations can only slow down such moves. If insider trading is permitted in one member state and banned in another, investor confidence will be shaken, in the European Commission's view.

The directive it has proposed deals with two forms of insider trading: (1) by those who have direct access to confidential information by virtue of their job and (2) by those who have been tipped off by someone with inside information.

The proposed regulation would ban insiders from (1) making money from the information they possess, (2) passing it on to others and (3) advising others on the basis of this information.

The proposal also provides for cooperation and exchange of information between the competent authorities in the various member countries.