

S U M M A R Y

- P. 2 ENVIRONMENT: Coming soon - "clean" cars
The Twelve have finally agreed on exhaust emission standards.
- P. 3 HEALTH: The nightmare of the century
ECU 35m. for fighting AIDS in the ACP countries.
- P. 4 ROAD SAFETY: Fasten your seat belts ...
... and especially those of your children.
- P. 5 RESEARCH: About time, too
The Twelve adopt the framework programme for 1987-1991, with a 7-month delay.
- P. 6 MOTORING: Put some wheat in your tank
But the cost of "green" petrol still looks very high.
- P. 7 SMEs: To be linked Community-wide soon, via BC-NET
A business cooperation network will help small businesses take advantage of the single market.
- P. 8 INTRA-COMMUNITY TRADE: Protectionism by another name ...
... such as "quality standards", is protectionism and must be fought.
- P. 9 STEEL: The European Commission calls for fresh cutbacks in capacity
But it also hopes to off-set the 80,000 jobs likely to be lost through job creation programmes.

ENVIRONMENT: Coming soon - "clean" cars

The Twelve have finally agreed on exhaust emission standards.

Your next car will pollute the environment much less: from 1 October 1988 "clean" cars - to begin with cars with engine capacities of 2 litres or more - will be available at distributors throughout the 12-nation European Community. Less powerful "clean" cars will be in the showrooms from the beginning of the 1990s. The Community's environmental ministers reached a decision to this effect after two years of hesitation. The standards they approved on 21 July will become a Community regulation once the European Parliament has approved or modified them.

The new standards set limits on exhaust emissions of the main gases which pollute the environment - carbon monoxide and nitric oxides.

All new models, and new cars in existing models, sold in the Community, will have to meet these standards without fail in 1989 in the case of cars with engines of more than 2 litres, in 1993 for cars with engines of 1.4 - 2 litres and in 1991 for new models of less than 1.4 litres.

For new cars of less than 1.4 litres representing existing models, the European standard and the date of its implementation must be fixed before the end of the year, although the date of implementation will not be later than 1992/93. Finally, as regards heavy vehicles (buses and trucks of more than 3.5 tonnes) the new standards will be implemented from 1 October 1990.

The truth is that these standards had been approved some two years ago by all the member states of the 10-nation Community except Denmark. At that time the EC "constitution" required unanimity for decisions of this kind, with the result that the "clean" car remained on the shelf, despite the acceptance of these standards by the two newest member states, Spain and Portugal, on joining the Community in 1986.

Since the entry into force of the Single European Act on 1 July, ministers of the Twelve can take such decisions on the basis of a qualified majority vote. It is ironic that it should be Denmark, as current chairman of the EC Council of Ministers, which will have to ensure respect of the SEA, which reforms the Community "constitution". The Danish government wanted even stricter standards, and it can now ask authorization to apply such standards within Denmark. The fact that the European Parliament will have its say in the matter of "clean" cars is another result of the "constitutional" reform.

HEALTH: The nightmare of the century

ECU 35m.* for fighting AIDS in the ACP countries.

Hardly a day goes by without the media the world over dealing in one way or another with this end-of-century nightmare that is AIDS.

But if this description of AIDS is perhaps adequate for Europe, in Africa it has assumed the dimensions of a veritable tragedy. If the proportion of those found seropositive ranges between 1 and 20% for all of Africa south of the Sahara, in several countries of central and eastern Africa, and among those bordering South Africa, the range is between 9 and 20%.

Some 2 to 8% of pregnant women are seropositive. But for such high risk groups as prostitutes or patients under treatment for sexually transmitted diseases, the rates are much higher, ranging from a minimum of 20% to a peak of some 80%. The figures vary, according to their source, while their compilation is made yet more difficult because of the multiplication of the viruses responsible to the infection: very little is known as yet about HIV-2 and HIV-4, discovered recently in West Africa, where studies are still underway.

In the Caribbean region the situation is not as serious, according to information supplied by the World Health Organization. But epidemiological studies have shown that a combination of the European and African varieties of the illness is involved (high-risk groups and heterosexual transmission), which could increase the danger, even in the short term.

Faced with this situation the European Commission has approved funds for a programme to combat AIDS in the African, Caribbean and Pacific (ACP) countries linked to the European Community through the Lomé Convention. The aim is to provide technical, financial and scientific assistance to countries with national programmes and to promote the coordination of the aid given bilaterally by member states. The programme will receive ECU 35m. over a 3-year period.

It provides for the supply of equipment and technical aid, training, and repairs to buildings to be used for such purposes as the initial evaluation of the extent of the disease; a reduction in its transmission through contaminated blood, thanks to improvements in blood transfusion and detection; a reduction in sexual transmission through information campaigns; the fight of prenatal transmission through detection of the disease among pregnant women and members of their families as well as through better information; a fall in the transmission through needles, syringes and all instruments with a cutting edge, by means of improved standards of professional hygiene and the sterilization and protection of medical staff.

An agreement will be concluded with every ACP country which so desires and put under the responsibility of its government, while the Commission will work in close cooperation with the WHO and other donors. Some 40 ACP countries have so far asked to take part in the programme.

AIDS is a world-wide scourge - and must be fought at the global level.

* 1 ECU = UK£ 0.71 or IR£ 0.77.

ROAD SAFETY: Fasten your seat belts ...

... and especially those of your children.

The safety of children, on roads and elsewhere, is one of the major responsibilities of modern society, and the European Commission has rightly underlined the point in its communication "A new impetus for consumer protection policy", sent to the Council of Ministers last year. Replying to a question from a French Euro-MP, André Fourçans, the Transport Commissioner, Stanley Clinton Davis, has also emphasized the Commission's intention to launching a number of initiatives focussing on child safety, including a Community-wide information campaign on accident prevention, to begin in October and continue into next year.

The fact is that children and adolescents face considerable risks on the roads - which is why several countries have intensified preventive measures. As a result, over the last 10 years a number of them, and in particular Sweden, have recorded a significant fall in the number of accidents involving children, despite a considerable increase in road traffic.

It is possible, therefore, to check the rise in the number of fatal accidents to children, and even reduce their number. This is the reason why the Commission has selected child safety as one of the key priorities of the European road safety year and sponsored the child safety workshop in the Netherlands.

Among the possible ways of taking action at the Community level to improve child safety, currently under study by the Commission, is the use of protective equipment, especially child restraint systems in cars.

RESEARCH: About time, too

The Twelve adopt the framework programme for 1987-1991, with a 7-month delay.

The worst has been avoided. There will be no breakdown in the European Community's Research and Development programmes, such as ESPRIT and JET, either this year or in the years to come. After months of haggling, the ministers of the 12 Community countries were able to agree unanimously on the framework programme for Community research in Brussels on July 25.

The framework programme, to be implemented over the period 1987-91, will have a total budget of ECU 6,480 m.*, the sum which the European Commission feels is the minimum needed for the healthy development of Community R&D.

Financially speaking, the research funded from the Community budget represents only a very small part of the total R&D effort in the 12-nation Community. But it has immense strategic importance for the future of European industry: it provides scientists and researchers and, beyond them, European firms the technological means not generally available to an individual member state.

The 1987-91 framework programme should have been adopted at the end of last year. Under Community rules its adoption required the unanimity of the 12 member states. However, the U.K., France and Germany wanted the budget proposed by the Commission sharply reduced. While France and Germany accepted a compromise put to the Twelve at the beginning of the year, the U.K. remained inflexible until practically mid-July.

At the European Council, held at the end of June, the Twelve agreed to the scientific contents of the framework programme. In mid-July diplomats and experts succeeded in reaching agreement on the programme's financial mechanisms.

The European Commission has not lost time, meanwhile. It has already approved eight specific programmes which form part of the framework programme. Most continue work already in progress for some time. This is the case as regards, for example, ESPRIT (information technology); JET (thermonuclear fusion, a virtually inexhaustible and non-polluting form of energy); BRITE (the use of high technology in traditional industries) and safeguards against nuclear accidents.

A number of new programmes are to be launched. They include DELTA, which will aim at developing training methods using the most advanced technology, and AIM**, which will seek to reduce the cost of health care through the use of computers.

* 1 ECU = UK£ 0.71 or IR£ 0.77

** Advanced Informatics and Medicine

MOTORING: Put some wheat in your tank

But the cost of "green" petrol still looks very high.

In the year 2000 demand in the European Community for petrol will reach some 100m. tonnes, with lead-free petrol accounting for around 20% of total consumption by 1990 and as much as 83% by the end of the century. On the basis of these figures a group of independent experts have carried out a study for the European Commission on bio-ethanol - that is to say, petrol made from cereals, beetroot, artichokes, etc. One of its main conclusions is that bio-ethanol fuels would simply cost too much at present.

If the project were to be financed entirely from the EC budget, the cost would exceed the current level of agricultural subsidies. For the oil industry, ethanol is profitable only at a price which is between 60 to 120% that of premium grade lead-free petrol before taxes, while the cost price of ethanol is between ECU 48 and 53* per hectolitre. On the basis of a Community subsidy of ECU 70 per tonne of wheat, the experts estimate there still would remain a gap of between ECU 15 to 20 per hectolitre between the cost price of ethanol and the price at which it begins to interest the oil industry.

If no Community aid were forthcoming, ethanol would be competitive if the price of oil were to reach \$40 a barrel**, or the cost of producing cereals could be cut by some 40% - or a combination of the two: a smaller rise in the oil price accompanied by a sharper fall in agricultural production costs.

The picture changes if viewed from the perspective of the year 2000, because of the greater use of lead-free petrol towards the end of the century. Community aid would be less important and the subsidies needed would be closer to today's level - or, to be more exact, the levels reached before the farm price agreement concluded by the agricultural ministers on 30 June 1987.

Finally, the experts estimate at 26,300 to 39,300 the number of new jobs that would be created by the implementation of a "bio-ethanol" programme.

There are no technical obstacles to either the production or use of this new source of energy; only its cost represents an obstacle. It will be necessary to look deeper into the matter, by extending the research, currently limited to wheat, to other crops.

* 1 ECU = UK£ 0.71 or IR£ 0.77

** Roughly twice the current price.

SMEs: To be linked Community-wide soon, via BC-NET

A business cooperation network will help small businesses take advantage of the single market.

From next year the European Community's small and medium-sized enterprises (SMEs) will have an additional tool at their disposal, to help them take full advantage of the large single market planned for the end of 1992. This new tool, the Business Cooperation Network, or BC-NET, will use computers to enable SMEs to cooperate with each other and the Community in a variety of fields: finance, trade, technology, sub-contracting, etc.

The network will make it possible to bring together SMEs looking for partners, thanks to (1) a computerized filing system, maintained by the European Commission in Brussels and (2) a network of business consultancy organizations established in the various regions of the 12-nation Community.

These organizations could be private firms, professional bodies or the "Eurobusiness Centres"* selected by the Commission itself. They will act as relays between the SMEs, their clients or members, and the central filing system in Brussels.

These business counsellors, numbering between 200 and 250, will send the offers and requests from their clients to Brussels, which will try to match the offers on file with the demands. Even if Brussels has no offers corresponding to a given demand, it will transmit it electronically to all the business counsellors in the network. The latter will then look for a suitable firm among their clients.

The central filing system should be in place by end September and the links between it and the business counsellors established by the end of the year. The computerization of the network should begin in September and be completed by the summer of 1988.

The system will operate on an experimental basis during the first two years. At the end of 1989 the European Commission and the users of the network will see just how useful it has proved in practice and work out its operating costs in order to modify it eventually - and to set a rate.

The BC-NET is one of the key elements of the action programme for SMEs proposed by the European Commission a year ago and adopted last autumn by the ministers of the Twelve in its broad outlines.

*

Officially European Business Information Centres.

INTRA-COMMUNITY TRADE: Protectionism by another name ...

... such as "quality standards", is protectionism and must be fought.

The consumer is king and must be protected against wily traders, determined to palm off on him goods of indifferent quality and unknown origin in place of attractive, locally-made products. The ideal solution would be a ban on all doubtful imports - were it not for the fact the Treaty of Rome, the European Community's "constitution", has left the poor consumer defenseless against the hidden dangers in the products that surround him.

But never mind! The state will watch over him. All that is needed is to require compliance with a certain number of "quality standards". Failure to do so means that the marketing, and therefore import, of this or that product is automatically banned. There is no question of discrimination as the same rule applies to domestic manufacturers.

But Mr José Alvarez de Eulate Penaranda, a Spanish Euro-MP, does not agree and has told the European Commission as much by means of a Parliamentary question. In his reply the Commission's Vice-President, Lord Cockfield, has sought to reassure him. The Brussels executive is on the same wavelength and is not fooled by the apparently straightforward nature of the regulations adopted more or less recently by several member states in connection with certain goods.

The consumer can be protected in other ways, according to the Commission, and the Court of Justice in Luxembourg has confirmed this in its case law. It is possible to meet this imperative without hampering the flow of intra-Community trade - by means of adequate consumer information and more clear and detailed labelling, for example.

A national regulation which requires imported products literally to have the same characteristics as those laid down for domestically produced goods is an equivalent-effect measure, prohibited by Article 30 of the EEC Treaty. The Commission has available to it, in such cases, both a corrective procedure deriving from Article 169 of the same Treaty as well as a preventive instrument.

A Council Directive of March 1983 in fact lays down a procedure for the provision of information in the field of technical standards and regulations. This requires member states to notify the Commission of any draft technical regulations or standards of this kind. The latter can ask for changes aimed at eliminating the barriers to the free movement of goods which could otherwise result.

STEEL: The European Commission calls for fresh cutbacks in capacity

But it also hopes to off-set the 80,000 jobs likely to be lost through job creation programmes.

For the European steel industry, still in the throes of crisis, the European Commission is proposing a new rationalization programme, to be financed in part by a kind of super levy on the European Community's steelmakers. If adopted by the Twelve and accepted by the industry, the new scheme would make it possible to compensate the 80,000 workers who would be laid off between 1988 and 1990.

The European steel industry, which reduced production capacity by some 32m. tonnes over the period 1980-86, has yet to return to conditions of profitability, at least as regards certain of its products. The European Commission has put the existing overcapacity at 20m. tonnes, with the major steel companies accounting for most of it.

The elimination of this overcapacity would imply mill closures and the loss of some 80,000 jobs over a 3-year period. In order to facilitate these closures, and reduce their social consequences, the European Commission proposes the creation of a special ECU 600m.* fund, 30% of which would be used to pay for early retirements and job creation programmes, while 70% would be paid out in the form of closure incentives to the firms themselves.

The fund would be mainly financed from the proceeds of a levy imposed on steel mills once output exceeded a certain level of production. The proposal has already met with strong reservations from the mills themselves, some of whom have shut down units in the past without receiving any compensation.

The Commission would like to maintain production quotas for products in "surplus", but only to the extent that this would make it easier to close down surplus capacity. It is also proposing that the Community budget provide ECU 480m. to finance social measures in favour of those laid off and another ECU 390m. in all in regional aids, aimed at creating new job opportunities in the areas hit by the decline in steel.

When presenting the Commission's proposals to the press the Industry Commissioner, Karl-Heinz Narjes, stressed that it was up to the firms themselves to decide on mill closures. But the rationalization programme had to be implemented at the European level, without regard to regional rivalries.

* 1 ECU = UK£ 0.71 or IR£ 0.77.