

# Eurofocus

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Week of November 3 to 8

CONSUMPTION: Wine still in surplus

Wine production in the Community this year is expected to reach 150 million hectolitres. Last year's harvest broke all records, with production reaching 175 million hectolitres. Wine consumption in the EEC which totals about 140 million hectolitres could not absorb all of last year's production. Given this year's forecast production and excluding consumption, total wine stocks in the EEC are expected to reach about 105 million hectolitres.

The Community's wine market is faced with falling prices, particularly in Italy, due to the fact that producers are flooding the market with their goods (continued on page 7).

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Despite the efforts of the European Community, the number and the rates of taxes continue to differ quite markedly from one Member State to the next ...

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FINANCE : Europe of banks and exchanges

If the European Community has succeeded in reaching the awareness of its citizens, it has been essentially through its most publicised activities such as the agricultural "marathon" debates, the summit meetings of heads of state and government or the sessions of the European Parliament. But there are entire sectors of the European Community's activities which are virtually unknown. That's the case, notably, with the specifically financial operations of the European institutions and of their intervention in the banking and securities exchange field. But three special events are currently causing some attention to be cast on this aspect of the Community.

The first is the organisation on the 13th and 14th of November in Brussels of a symposium entitled "Towards a European Exchange?" High-level international authorities will gather under the sponsorship of the European Commission to study whether the creation of an integrated European exchange in international securities is desirable and possible. This market would have to be established gradually using existing national exchanges as its base. It would not, therefore, mean the creation of a new securities exchange, but would indicate more a strengthening of the links between existing exchanges.

The setting up of such an integrated European market would not only re-enforce the position of the national exchanges, but would also respond to the demands of investors and companies in their search for capital. The European Commission says it has no pre-conceived notions on the structure of this market and the symposium is designed precisely to encourage a free exchange of views on this question.

The second event, is the meeting of the Committee of Professional Credit Organisations of the European Community which took place on November 4. This consultative committee, created in 1977, is composed of top officials of the Member States involved with the banking sector. Its role is to design a system of indicators that will permit monitoring of the financial situation in a number of credit institutions in the Community and to compare the results of this data. The system proposed by the Committee would relate the resources of banks to other elements of their operations, such as their deposits, major loans or total assets. This information will be collected for the first time during 1981.

Finally, the European Commission has just prepared a report concerning the first 18 months of the operation of the New Community Instrument.

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This mechanism is based on the idea that the Commission would benefit from using the credit it has available on international capital markets to obtain funds that could be devoted to investments in certain key areas and that would supplement those from other Community financial sources. A first segment of loans, for a maximum equivalent to around £ 290 million was authorised by the Community's Council of Ministers on May 14, 1979, and a second slice for a similar amount on January 22, 1980. These amounts were used for investment in infrastructure activities such as transportation, telecommunications, agriculture, waterworks and environmental protection, and especially for energy needs. The Commission noted that the borrowings of the Community under the New Instrument were well received and were made under relatively favourable conditions.

The borrowings of the new facility, added to those of the Coal and Steel Community and the European Investment Bank, whose rhythm and volume continued to develop, brought the total Community borrowings to 12 percent of the international capital markets in 1979.

The new mechanism was created to bring a supplementary Community contribution to the efforts aimed at combatting unemployment and weak investment. The largest part of this financing was undertaken in the less prosperous Community countries, Italy and Ireland. In its report, the Commission expressed its satisfaction with the favourable reaction to this Community initiative and underlines the important role that investment will play in the process of improving economic conditions. It proposes to continue this type of operation while planning certain modifications to the operation of this new Community instrument.

PUBLICATIONS : A new map for the Community of 10

To mark the entry of Greece into the European Community, planned for January 1, 1981, a new colour wall map has just been published. It measures 102 x 136 centimeters, and shows the entire Community, its member countries, its regions and administrative units, its capitals and principal cities, its main waterways as well as its overseas territories and the candidate countries for later membership.

In addition, the map includes 78 diagrams representing basic statistics on the European Community and its Member States and compares them with those of the United States and the Soviet Union.

The map, which will become available around Christmas, can be purchased from the Publications Office of the European Community, 5 rue du Commerce, Postal Box 1003, Luxembourg.

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SOCIAL : 1980 Activities of Fund focus on vocational training

Total grants from the European Community's Social Fund in 1980 amounted to 560 million pounds, with the bulk of the money going for vocational training, and job creation, especially for young persons.

The Fund's allocations in 1980 were given in two instalments. The first grants totalling 252 million pounds were given earlier this year, with the second instalment of 308 million pounds being given on October 29. Commission experts add that in 1979, the Fund benefitted about 1.36 million European citizens.

About 39% of the Fund grants went to programmes for young persons under 25, and 52% for the Community's less developed regions. Priority under the Fund is given to the rehabilitation of the handicapped, training in groups of firms and the introduction of new technology. Women, migrants, the handicapped, workers in agriculture, textiles, clothing, etc., also received Social Fund assistance in 1980.

EMPLOYMENT : The Youth Forum calls for equality for women

Generally speaking, women are less qualified and are worse paid than men; their prospects for promotion are less bright and they receive professional training facilities which fall short of those offered to their male colleagues. This statement made by Mrs Yvette Roudy, a member of the European Parliament, summarises the problems facing women in the employment sector. All statistics prove that the current economic crisis and subsequent unemployment has hit women hardest, despite the fact that equal treatment is guaranteed officially by all Member States.

In order to examine this situation and to propose solutions, the European Community's Youth Forum has organised a conference on the theme of "Employment for Young Women" from December 2 to 4. On the programme for these three days are included a demonstration, theatre productions, television presentations and a number of discussions aimed at the adoption of an action plan.

The Youth Forum encompasses young peoples' organisations of all types including political, social, cultural, religious and educational groups. This movement represents the interests of young people before European institutions on matters of direct and indirect interest and hopes to act as a true political force. This fresh initiative by the Forum, whose headquarters is located at 66 avenue de Cortenberg, Box 10, 1040 Brussels, is expected to gather additional support for the interests of Europe's youth.

IN BRIEF.... IN BRIEF.... IN BRIEF.... IN BRIEF.... IN BRIEF.... IN BRIEF....

Emergency aid: Nine's efforts in favour of El Asnam victims

The devastation caused by the recent earthquake in the El Asnam region of Algeria, which killed thousands of people and made thousands more homeless, was captured in all its horror by the world's television cameras. The European Community has participated in the international effort to help the victims of the tragedy.

EEC aid worth £587,000 was sent to Algeria as of October 13. This was used for the purchase of supplies such as blankets, food for babies, medicines, clothes, tents and even pre-fabricated houses sent to the disaster-stricken area in five airplanes.

Research: Euratom and Canada sign new cooperation agreement

The European Atomic Energy Community (Euratom) and Canada signed a cooperation agreement in Brussels on November 3. The agreement covers cooperation in the field of ecological evaluation studies, and research into the management of radioactive wastes.

This cooperation will cover the evaluation of the ecological impact of the stocking of radioactive wastes in hard rocks and the collection of essential data for the setting up of a system for waste management. The accord provides for the exchange of technical information, the organisation of joint meetings, and exchange of scientists between research laboratories in Canada and the EEC which are concentrating on such studies.

Energy: Prizes given to nine solar house projects

The results of a competition on the construction of houses using solar energy for heating and lighting purposes launched by the European Commission in April this year (see Eurofocus 15/80) will be made public on November 10, 1980. Of the 223 projects submitted, 106 have been chosen initially but the final prizes will go to only 9 projects, for a total value of almost £15,000. The competition was divided into three categories. Of the 106 projects that were chosen, 16 concern apartments, 42 concern housing complexes, and 48 individual houses. 43 French projects have been chosen compared with 24 for the United Kingdom, 11 for Italy, and 10 for Germany.

THE UPROAR OVER  
EUROPEAN TAXES

For better or for worse, citizens of all industrialised countries are subjected to either direct taxes on their income or a multitude of hidden and sophisticated taxes that include excise or value-added varieties. It seems as if everytime a person turns around there is a tax collector lurking. From the petrol station to the pub, these levies sometimes represent as much as 60 percent of the actual sale price.

In this fiscal field, the European Community member countries present a varied front, with different weight given to certain taxes from country to country. Figures relative to the respective importance of each tax in the total revenues of the Community governments give an idea of this diversity. While personal income taxes represent about 12 percent of the total collected in France, the level is more than 50 percent in Denmark, and the Value Added Tax furnishes 8.22 percent of receipts in the United Kingdom but 21 percent in France.

The imposition of taxes is one of the prerogatives of national parliaments and fiscal sovereignty remains an essential element of national sovereignty. That's why the efforts of the European Commission are limited to the VAT, excise duties and taxes on companies that have a direct impact on competition and create an obstacle to the free circulation of goods, services and capital inside the Community. Currently, the normal rates of VAT range from zero to 35 percent, depending on the country. What's more, the number of rates is variable, with only one in Denmark, two in Germany, the Netherlands and the United Kingdom, three in Luxembourg, Ireland, Belgium and France and eight in Italy. Most of the time, reduced rates represent efforts to limit or even eliminate the VAT charge on products and services deemed essential, such as food. On the other hand, higher rates are aimed at luxury products, such as automobiles, furs, radios, televisions and alcoholic drinks. The European Commission, conscious of the barriers that these various rates represent to trade, is recommending their reduction and a narrowing of the differences from one country to the other.

Excise taxes are also indirect taxes which affect primarily five products of widespread consumption: oils, tobacco, alcohol, beer and wine. These levies with high rates throughout European countries produce an important part of the tax revenues in all countries. It is without a doubt the tax on oil which is currently the most important. While the individual

motorist is well aware of the increase in prices of fuel, industrial users have been even more affected. And the disparities in these prices have given rise to distortions in competition, especially for industries which are heavy users of oil as a basic raw material or energy.

Concerning alcoholic beverages, the highest excise tax rate in Denmark is nearly 40 times higher than the lowest in the Community in Italy.

Meanwhile, excise taxes are not levied on wine in Italy, and Germany only applies them to sparkling wines. The duties on tobacco have on the other hand been partially harmonised at the Community level.

In a general way the desired narrowing of indirect tax rates is planned as part of the gradual abolition of fiscal barriers necessary to the achievement of a unified market inside the European Community.

Direct taxes to which corporations are subjected also vary significantly from one member state to the other. The differences in this system are also partly responsible for the practice of tax evasion in favour of so-called "fiscal paradises" or "tax heavens." Concerning such direct corporate taxes, the Commission has set itself a long-term objective of narrowing the gap so that companies in certain member states are not put at a competitive disadvantage in their operations.

Clearly this is a long-term process in a complex field where, nevertheless, any progress toward coordination and harmonisation, limited though it may be, constitutes a step towards the economic integration of Europe.

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Stockpiles of wine (From page 1).

Given the important size of these stockpiles, the Community has been forced to take different measures to stabilise the market. These concern especially assistance to the production of grape juice and other products made partly with grapes, aid to the stockpiling of such fruit and the different measures concerning distillation. It is too early to estimate exactly the amount of the impact that these various actions will have on the market itself. Other means of intervention could also be put into effect by the Community before December 15.