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AUDIOVISUAL INDUSTRY: Strength through unity for the Twelve

The European Commission proposes a wide-ranging action programme for 1991-95.

Is there much point to a single European market if each company continues to look mainly to its domestic market for its customers? Not much, in fact. And yet this is the likely outcome in the field of cinema and television if old habits - and foreign competition, especially American - are allowed free play. Hence the European Commission's proposal to the 12 European Community countries, in mid-April, to use the experimental MEDIA programme to launch a wide-ranging action programme, aimed at bringing together the Community's audiovisual experts.

A few statistics will give some idea of the scale of the challenge. Around 60% on average of film distribution in Europe is controlled by companies based in the United States. Europe bought \$700m. worth of television programmes from the United States in 1988. Of the roughly 11,000 hours of cartoon programmes screened by TV channels in the Community in 1989, European production accounted for a mere 350 hours, while a massive 60% of the total came from Japan. Around 40% of European videocassette distribution networks are in the hands of non-European groups. In difficulties at home, the European industry cannot work miracles on world markets: it supplies a minuscule 2% of television and cinema programmes in the United States and Japan.

There is a logical explanation to this somewhat sorry state of affairs. There are not enough European distribution networks; they are either national or American for the most part. As a result, nearly 90% of the output of the European industry is never shown outside the frontiers of the country of origin. Nor is the situation much better when it comes to production. Films screened in just one European country are scarcely profitable, so that investors are not tempted by what they see as high-risk ventures.

Here, too, little use is made of the single market. Finally, problems with royalties, the management of film archives and the absence of catalogues make it almost impossible to rebroadcast television programmes and films, although such a "second market" would make it possible to put a substantial stock of programmes to profitable use.

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Under these conditions the European industry does not seem to be in a position to meet the demand for films and television programmes, which is certain to grow very substantially in the coming years. The European market is expected to expand from ECU 25 billion* in 1990 to ECU 35 billion by the end of the century, according to the experts.

The European Community has already taken action. To support the audiovisual industry, it launched the MEDIA programme (the French acronym for measures to encourage the development of the audiovisual industry) in 1988. The programme has resulted in the creation of a European office for film distribution, thanks to which some 25 films were screened in a year, to an audience of four million; the establishment of BABEL, a system which makes it easier to dub or subtitle European films and television programmes and of an association to foster cooperation between cartoon studios.

But these initiatives, achieved with limited funds, were experimental in nature. The European Commission now wants a wide-ranging programme, capable of effectively stimulating cooperation within the European audiovisual industry, at every stage of audiovisual production, from the genesis of a film to the sale of the finished product. The Commission is asking the Twelve for ECU 250m. for the period from 1991 to 1995. It has no intention of intervening financially in the production of films or programmes and is determined to respect the "cultural originality" of each of the 12 EC countries, as the European Commissioner for the audiovisual sector, Jean Dondelinger, has stressed.

The new programme would enable small and medium-sized companies to set up facilities for co-production, co-financing and commercial promotion across national frontiers. At the same time it would be necessary to create a second market for the cross-frontier broadcasting of existing programmes, encourage new forms of investment-pooling and risk-sharing and train image makers in management techniques. The Commission hopes it can get the Twelve to adopt the programme before the end of the year.

* 1 ECU = UK£0.74 or IR£0.76

ENERGY: The European Commission favours safe nuclear energy for East and West

A declaration to mark the fourth anniversary of Chernobyl.

The best way to commemorate a disaster, no doubt, is to make sure that it does not happen again. Four years to the day after the accident at Chernobyl, the two European Commissioners responsible for nuclear matters declared that the European Community must do more to banish the risk of a serious accident, not only from the 12-nation Community but also Eastern and Central Europe.

The Energy Commissioner, Antonio Cardoso e Cunha, and his colleague, Carlo Ripa di Meana, responsible for nuclear safety, recalled that the European Commission "must remain neutral and objective as regards the nuclear option". It is up to the national authorities to decide whether or not to use nuclear power to generate electricity. Some EC countries have chosen not to build nuclear power stations - Greece, Portugal, Ireland, Denmark and Luxembourg - or to close them down - as in Italy. But the six other EC countries have opted for nuclear energy and together account for a third of the world's production capacity for electricity from nuclear power stations.

This is sufficient justification, in the eyes of the two Commissioners, for the Community to take all necessary steps to ensure the safety of nuclear installations and protect the public from radiation. The Commission has already stimulated Community policy in this matter since Chernobyl. It has launched an action programme ranging from the strengthening of radioactivity standards to the promotion of scientific research as well as increased safety levels in nuclear installations and the improvement of information procedures in the event of an accident. The Commission recently decided to send its inspectors once again to check the level of radioactivity at nuclear installations, thus ending a period of more than 20 years during which checks were carried out by national authorities.

But this is insufficient for the two Commissioners. In their view more must be done to increase the reliability of existing nuclear plant in the Community and to improve the training of those operating it. To this end the directors of nuclear power stations in the various EC countries could exchange information and experiences, for example.

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MM Cardoso e Cunha and Ripa di Meana also want nuclear specialists in the Community's Member States to share their knowledge with their counterparts in Eastern and Central Europe. Chernobyl was a striking demonstration of the fact that nuclear accidents ignore national frontiers. By encouraging contacts and exchanges with their neighbours to the East and organizing joint training sessions, the Twelve would be taking out "additional insurance against an eventual nuclear accident and providing themselves one more guarantee for the long-term safeguard of the environment, in the face of the risks inherent in this source of energy."

ENERGY: Sharp rise in oil imports from the Middle East

The European Community's oil economy in 1989.

The European Community's imports of Middle East oil rose sharply last year. They went up by nearly 16%, as compared to an increase of just 6.5% in imports from the rest of the world. Imports from Iran jumped by 44% and from the United Arab Emirates by 42%, as compared to 1988. The Middle East supplied nearly 41% of the Community's total oil imports last year, as against 18.5% from North Africa (Libya, Algeria and Egypt), 11.5% from Norway and as much again from the Soviet Union.

All Community countries increased their oil imports from third countries, with the exception of Germany and Greece. This increase was due both to the higher level of economic activity, which stimulated the demand for energy, and the sharp fall in Community oil production, which dropped by nearly 17% in 1989. The U.K., which accounts for four-fifths of Community production, saw output from the North Sea drop by nearly 20%. At the same time last year's more reasonable prices encouraged consumption.

PATENTS: More effective patent protection for European medicinal products

The European Commission proposes that the period of protection be extended to 16 years.

Medicinal products patented in the European Community should enjoy protection similar to that available in the United States and Japan. In theory, the period of protection afforded by a patent is 20 years; but in practice it is no more than eight years on average, because of the time required to obtain the authorization needed to market a product. This contrasts sharply with the 14 years of protection enjoyed by the pharmaceutical industry in the United States.

The solution proposed by the European Commission, at the initiative of Vice-President Martin Bangemann, would allow the national patent authorities to grant a supplementary protection certificate. It would take effect immediately on expiry of the patent and would be valid for a maximum period of 10 years. While the certificate would be a national, rather than Community, document, the conditions for its issue and its basic modalities and duration would be harmonized at the Community level.

Only in this way, the Commission believes, can the European pharmaceutical industry regain its competitiveness on world markets and end the steady erosion of its R&D activity. If this activity is being transferred to the United States and Japan, it is precisely because of the longer period of protection available in these two countries.

The measure the Commission wants the Twelve to adopt before the end of 1991 is needed to protect health research. Although essential, such research is both expensive (it accounts for 10 to 15% of turnover) and high risk. The fact is that of the 10,000 or so substances synthesized by a research laboratory, patents will be filed for only a few hundred of them. Of these, no more than three will actually be authorized for sale to the public.

The European pharmaceutical industry federation is waiting impatiently for the supplementary protection certificate, which will cover any substances used for treating or preventing diseases in human beings or animals. The industry, which includes 2,100 companies and employs 440,000 people, claims to have discovered in the last 20 years some 1,050 "innovative" products, as compared to only 400 discoveries by its American counterpart and 220 by the Japanese.

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The European bureau of consumers organizations (BEUC) is much more prudent. It fears that the industry will take advantage of the measure proposed by the Commission to raise prices, especially in the Mediterranean countries and France, where prices for its products are the lowest in the Community. But the Commission regards such fears as unfounded. It has pointed out that the measure would apply basically to "innovative" products and would not result, therefore, in unreasonable price rises for health products.

ENVIRONMENT: No freedom of movement for dustbins

The Twelve have adopted a common strategy for waste management.

Waste should be treated where it is produced, as far as possible, in the view of the European Commission. And the 12 European Community countries adopted this principle when they gave the green light to the strategy proposed by the Commission. This strategy envisages the installation, at the regional and zonal levels, of an integrated network for waste disposal; meeting Community standards and based on the best available technologies.

The Council resolution of March 23 reaffirms notably the application of the principle that the polluter pays, as embodied by the Commission in its proposal regarding civil liability for damage caused to the environment by waste. The Commission has now been entrusted with the task of submitting, as soon as possible, (1) specific proposals on incinerators for industrial waste, (2) additional standards for municipal waste incinerators and (3) criteria and standards for disposal of waste by landfill.

In addition, the Commission must also submit new proposals covering transborder shipments of hazardous waste to third countries, even while continuing its activities for improving the conditions under which such waste is transported.

On this subject the Council of Ministers has added an explanatory note, setting out the wishes of the Twelve for a total ban on exports of hazardous waste to the ACP countries, without waiting for the new Lomé Convention to come into force.

ENVIRONMENT: A trial of strength between the European Parliament and Council

The creation of a European Environment Agency is delayed.

The trial of strength between the European Parliament and Council of Ministers has delayed the setting up of the European Environmental Agency, which the Community's environment ministers agreed to last March. As their decision had to be confirmed by another Council of Ministers, the expectation in Brussels was that the Agricultural Council would do the needful when it met at the end of April.

This was not to be - firstly because the President of the European Parliament, at the request of Parliament's environment committee, invited the Council to put off the adoption of the regulation creating the new Agency, and secondly because the matter was not listed among the decisions to be taken by the Agricultural Council. Council sources in fact deny any causal relationship between the demand by President Enrique Baron and the absence of the issue from the agenda. The fact remains that the Agricultural Council took no decision, so that it will have to be taken by another Council.

The European Parliament clearly did not appreciate the failure of the Environment Council to take into account a part of its amendments, and even less the fact that it did not follow up its request to launch the consultation procedure, on the grounds that the Treaties do not provide for it in such situations. And yet the European Environment Commissioner, Carlo Ripa di Meana, had urged the Twelve to accept Parliament's request, although the best he could secure from them was an undertaking from the Council's President, M. P. Flynn, to be present at the May session of Parliament.

This was not enough for the Euro-MPs, and they let it be known through the President of their environment committee. A very angry Mr Collins, after having denounced the delay and the difficulties encountered in getting hold of the text drawn up by the Council, came out strongly against a "weak and disappointing project" which "is the product of either plain incompetence or cynical duplicity". The amendments made by Parliament had not been taken into account at all, and Mr Collins consequently proposed that "Parliament consider very seriously the manner in which it can act, envisaging in particular a forceful reiteration of its demand to open the consultation procedure and to reserve its position on the release of the credits needed by the Agency."

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If one adds that the Euro-MPs were also very disappointed that no decision was taken as regards the Agency's headquarters, and that they accused the Twelve of engaging in a great deal of haggling over the headquarters of several bodies, it will be evident that there is no shortage of obstacles on the way to the realization of an instrument regarded as indispensable for the protection of Europe's environment. Even so, the European Commission had redoubled its efforts to overcome them. Commissioner Ripa di Meana had expressed satisfaction at the coming establishment of the Agency, which he had defined as "the specialized scientific arm of the Commission on environmental issues" and noted that its independence was guaranteed by the regulation.

It is necessary at present to prevent both the conflict between the Community's institutions turning into a free-for all and, above all, a failure, whose consequences could be far greater than one imagines.

INFLATION: Third successive rise in consumer prices

They rose by 0.5% in March, as compared to 0.6% in January and 0.5% in February.

The consumer price index has continued to rise in the European Community. It rose by 0.5% on average in March, with increases of between 0.1% in Germany and 1% in the U.K. The exceptions were Luxembourg, where prices remained unchanged, and Greece, where they rose by 3.8%. This price surge in Greece was due mainly to price increases after the winter sales for clothing and footwear (up 10%), consumer durables (up 6%) and recreational goods (up 5%). The Community's inflation rate for the 12 months ending this March was 5.3%, as compared to 5.2% in the United States and 3.4% in Japan. Greece was still in the lead, with an inflation rate of 17.8%. It was followed by Portugal (12.8%) and the United Kingdom (8.1%). The Netherlands and Germany were head of the class as usual, with rates of 2.1% and 2.7% respectively.

A comparison of inflation rates during the first quarter of this year with those for the corresponding period of 1989 shows that inflation is currently higher in Britain, Greece, Portugal, Spain and the Netherlands (where prices even fell last year), and lower than last year in Denmark, Belgium, France, Luxembourg, Germany, Ireland and Italy.