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FINANCE: A European financial area in the making

The European Commission proposes a genuine common market for capital.

In a financial common market worthy of the name, the citizens of any one of the European Community's 12 member states could open a bank account or borrow long-term funds in another member state. The European Commission recently sent the EC Council of Ministers proposals which, in its view, would allow the Europeans not only to do just this but also resist more effectively financial storms from abroad.

The Commission is seeking the full liberalization in 1988 of operations which are still subject to national restrictions: the opening of current and deposit accounts, investments in short-term securities and the raising of long-term loans and credits. This liberalization would be limited initially to the eight EC countries that have moved furthest down the road to a European financial area.

The four remaining countries would be given a transitional period, to end, in the case of Ireland and Spain, at the end of 1990 and, in the case of Greece and Portugal, at the end of 1992, the date set for the opening of the single European market.

To help the less well-off member states join the European financial area as quickly as possible, the Commission proposes extending the present system of Community financing in favour of member states with debt problems.

The Commission's proposals also aim at providing the Twelve the means of reacting jointly to a situation of imbalance affecting Europe's financial stability. It is asking the Twelve to adapt Community regulations to international capital movements in order to give the EC the possibility of protecting itself better against external phenomena, such as the recent stock exchange crash.

In describing the broad outline of the European financial area to the press, the Commission President, Jacques Delors, stressed the fact that it implied a more vigorous harmonization of national savings legislation. The Commission, moreover, is asking the Twelve to introduce more widely the withholding tax on interest payments on bonds and bank deposits. Interest paid by savings banks and similar institutions would continue to enjoy tax exemption.

All banks in the EC would then inform the national tax authorities of the interest payments made by them. To prevent capital flights outside the EC, the Commission has proposed to the other industrialized countries that the various tax systems be brought more into line with each other.

ENVIRONMENT: Ten rules for a more green and pleasant land

"Ecological" booklets in the Community's savings banks.

Anyone can help protect the environment by simply following the 10 rules set out in the "Environmental Code" published recently by the European Community and the EEC Savings Banks Group in a booklet entitled "The Environment, It's Our Life".

Rule No. 1: Protect water - that is to say, don't throw rubbish into streams or drain automobile oil into the ground. The booklet explains just how precious water is: every Community inhabitant consumes 300 litres of it per day on average.

Rule No. 2: Lower your decibels - make sure, for example, that the muffler system of your car or motorbike is in good condition.

Rule No. 3: Respect animals - do not kill them heedlessly.

Rule No. 4: Protect plants, which means not picking flowers and rare plants but admiring them.

Rule No. 5: Don't play with fire - don't use a gas stove or organize a barbecue near woods or smoke in the forest. The fact is that 250,000 hectares of European Community forest are destroyed every year; restoring them takes 30 years.

Rule No. 6: Use litter bins instead of littering the landscape with your soiled paper, empty cans and other rubbish.

Rule No. 7: Have your car serviced regularly, starting with the exhaust system: 90% of the carbon monoxide released into the atmosphere comes from automotive engines.

Rule No. 8: Check your furnace. See that it is properly adjusted, as it will otherwise both pollute the atmosphere and burn more fuel.

Rule No. 9: Teach your dog good manners. Keep it from running wild and take it to the nearest drain when it must relieve itself.

Rule No. 10: Treat the soil carefully - use fertilizers, pesticides and herbicides sparingly, even in a small garden.

The Community's savings banks have taken the opportunity offered by the European Year of the Environment\* and World Savings Day to make several million copies of this booklet available in their 50,000 branches.

\* It runs from 21 March 1987 to 20 March 1988.

AFRICA: ECU 100m.\* to help the countries most heavily in debt

Twenty countries in black Africa to receive special financial aid.

Twenty African countries south of the Sahara will be able to import essential goods, thanks to the ECU 100m. in special aid which the Development Ministers of the 12-nation European Community have just released. It should help the poorer countries that are literally being crushed under a debt burden which is out of all proportion to their economic possibilities.

The beneficiary countries include the Senegal, Zaire and Uganda. All are signatories to the Lomé Convention, a trade and aid agreement which links the Community to 66 countries in Africa, the Caribbean and the Pacific.

The ECU 100m. include some ECU 40m. left over from earlier aid programmes as well as ECU 60m. drawn from the repayments by the beneficiary countries of loans received from the European Community.

The special aid could be quickly disbursed, thus providing these countries the foreign exchange they so desperately need in order to import the goods urgently needed by their populations as well as their businessmen and for investment purposes. The European Commission expects this aid to cover 1988 and 1989 and hopes that its implementation will encourage other developed countries to follow the Community's example.

Most of the countries south of the Sahara must repay their substantial debts, in the absence of the resources needed to generate the necessary funds. In this part of the world Gross Domestic Product (GDP) has fallen by 1% a year on average between 1980 and 1985, to rise by just 1% in 1986. The decline in commodity prices had resulted in a fall in export earnings, even when exports have risen in volume.

Under these conditions the external debt of these African countries can only increase. Put at \$90,000m. at the end of 1985, it is believed to exceed \$100,000m. today. Nor is any improvement in sight; the experts forecast a stagnation in commodity prices until 1990.

However, several of these countries have undertaken economic reforms aided at improving their financial position, so that development can be resumed. They will be the first to benefit from the special aid being provided by the Community.

\* 1 ECU = UK£ 0.69 or IR£ 0.78.

INTERNAL MARKET: How to share in an ECU 400 billion bonanza

The European Commission is to bring out a guide to government purchasing.

Each year government services and state-owned firms in the 12-nation European Community place orders for goods and services worth an estimated ECU 400 billion\* with private firms. Many businesses clearly would like to know to acquire a stake in this particular gold mine. To help them find their way the European Commission will shortly be publishing, notably in the EC's Official Journal, a guide to government purchasing in the 12-nation Community.

At present government purchases account for nearly 9% of the Community's Gross Domestic Product (GDP). This figure rises to 15% if purchases by state-owned firms are also taken into account. Thanks to the European Community, roughly a fifth of this particular cake is available to firms anywhere in the EC. But the lion's share in each member state remains the private preserve of firms established within its frontiers - a state of affairs which costs taxpayers something like ECU 40 billion a year, according to available estimates.

However, all public purchases will have to be thrown open to Community-wide competition by 1992, in the context of the single market. The European Commission has decided, meanwhile, to provide all those who are interested with detailed information on the current situation, so that firms are made aware of their rights and government services are better placed to apply Community regulations.

The guide to public purchasing will cover four main subjects. It will (1) set out the principles laid down by the Community's "constitution"; (2) detail the Community regulations as regards the time limits to be met, publicity concerning tender announcements, sub-contracting, economic sectors which are excluded, etc.; (3) explain the appeals procedure for firms which have been unfairly treated and (4) insist on just how important it is that government services follow Community regulations. The fact is that all loans and other forms of Community aid are conditional on the purchase in question being open to Community-wide competition.

The European Commission proposed in March a series of measures aimed at opening up government purchasing to such competition. Early next year it should publish proposals relating to the sectors which remain excluded from such competition: water supply, transport, energy and telecommunications. It hopes that the EC Council of Ministers will have adopted by the end of next year the measures for throwing public purchasing open to Community-wide competition.

\* 1 ECU = UK£ 0.69 or IR£ 0.78

UNEMPLOYMENT: Seasonal rise in September

But unemployment among young people has fallen in the last 12 months.

The number of registered unemployed in the European Community stood at 15.9m. at the end of September, a rise of some 200,000 over the previous month. This rise was due to the arrival of young people on the labour market, as happens each year between June and September, according to Eurostat, the EC's statistical office.

Unemployment among young people under 25 years of age increased by 2.7% in September in the 12-nation Community, while adult unemployment remained unchanged. The rise in youth unemployment was especially high in the U.K., France and Spain.

However, unemployment among the young has fallen by some 5% in the last 12 months. Britain recorded the largest fall (19%), while France and Belgium recorded falls of over 9% and the Netherlands of over 6%.

The total number of unemployed has changed very little, the drop in male unemployment being largely off-set by rising unemployment among women.

SPORT: The 1989 European Community Games

A unique sporting event, partly conceived by the European Commission and under its patronage.

The first European Community Games will take place from April 21 to May 1, 1989. They will be under the patronage of the European Commission, whose support is helping launch them.

The Games will be strongly European in character and will include 24 different sports, not all of them Olympic. Some are little known, in fact. The Games will take place in 24 different cities, covering all 12 member states.

The European Community Games will differ from the Olympic Games in yet other ways. The emphasis will be on team rather than individual performances, while the participation of women athletes will be strongly encouraged.

The profits from the Games will be donated to a Foundation entrusted with promoting sports among the young. The Games will be financed by sponsors; not one ECU is to come from the Community's budget.

THE COUNTRYSIDE: What future for it in a frontier-free Europe?

The European Commission spells out its views.

There can be no single European market without the development of its countryside. These words sum up the views which the European Commission is to present to the European Community's heads of state and government when they meet as the European Council in Copenhagen at the beginning of December.

The Commission, which devoted November 7 to the study of rural development, considers that the countryside merits a European policy, one which goes well beyond its agricultural policy. More than 80% of the Community's territory is open land, even though it is inhabited by only 20% of its population. Moreover, the Commission feels that it is a part of the European way of life and plays a very important economic and "ecological" role.

The Commission is not proposing a new policy or fresh subsidies. But it will be asking the Twelve to take account of the development needs of rural areas, whether in connection with the reform of the common agricultural policy or the organization of regional, social and other forms of aid aimed at ensuring that all Europeans benefit from the creation of the single market, foreseen for the end of 1992.

MONEY: Towards a greater use of the Community's own "currency"?

President Delors asks the Twelve to back the ECU to the hilt.

The ECU, the European Community's monetary unit, would develop faster if the heads of state or government of the 12-nation Community were to give it a vigorous helping hand, in the view of Jacques Delors. The President of the European Commission in fact would like the European Council to make a solemn declaration when it meets in Copenhagen beginning of December.

In a speech delivered in Luxembourg on November 6 Mr Delors held that the Community's leaders must fully back attempts to promote the ECU. He reminded his audience of the advances already made by the European Monetary System. When it was set up in 1979 inflation was running at 11% on average in the countries\* that had adhered to it fully; today it is down to 2.5%.

President Delors would like to go further. He has suggested that the bills sent out by firms in different Community countries be made out in ECU. He would also like prices of Community imports to be quoted in ECU, given that countries seldom use their own currency for this purpose. This is especially the case with most developing countries.

\* Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, The Netherlands.

AIRBUS: Calmer skies over the North Atlantic

Europeans and Americans agree on the principles of fair competition.

The trade war in civil aircraft may not take place after all. Trade representatives of the European Community and the United States were able to agree in London, at the end of October, on the basic principles of fair competition between the makers of civil aircraft on both sides of the Atlantic. The negotiations are continuing on the basis of these principles, with a view to reaching a final agreement. Meanwhile, American manufacturers will not lodge any further complaints against their European rival, Airbus, with their government. European and American representatives will meet again on December 11.

American manufacturers of civil aircraft have been complaining for a long time now that their main rival, the Airbus Industrie Consortium, is receiving funds from the governments of the countries directly involved: Britain, France, Germany and Spain. Firms from these four countries are taking part in the design and manufacture of European aircraft.

Charged with unfair competition, the Europeans have pointed out that American manufacturers enjoy government contracts for military aircraft which have a spinoff in the field of civil aviation. Tension mounted some months ago when the American Administration, faced with the complaints from its "own" industry and its sizeable trade deficit, threatened the Europeans with "retaliatory" measures.

In London, both Europeans and Americans declared themselves ready to exercise a measure of discipline in granting aid to their aircraft industries. This will not modify the programme, already launched, for the new generation of Airbus, which American manufacturers are contesting. The two sides are equally determined to agree on the spinoff for civil aircraft from government-supported research into military aircraft.

Europeans and Americans also agreed to try to get manufacturers in other countries, especially Japan and Sweden, to accept the same principles and discipline.

The size of the aircraft market explains the lengthy and difficult nature of the negotiations. The U.S. exports nearly \$5,000m. worth of civil aircraft and parts to the 12-nation Community, while exports by the latter to the U.S. amount to \$3,000m. Moreover, the orders and options of European airlines for American aircraft amount to \$23,000m., while American orders and options for the Airbus are estimated at \$13,000m.



EDUCATION: A European history book for schools in 1988

A European view of history, thanks to publishing houses in five countries.

Youngsters in at least five European Community countries will be able to study European history from a European standpoint from next autumn, thanks to a new textbook. It has been prepared by a team of eminent European historians, led by Prof. Jean-Baptiste Duroselle.

Commission President Jacques Delors referred to the new history book a year ago in a speech at the European University Institute in Florence, Italy. Commissioner Ripa di Meana has now given details of it to the Belgian Euro-MP, Jaak Vandemeulebroucke, who had asked if the work had been subsidized by the Commission.

The textbook will be published in Britain by Penguin Viking. The other publishers are: France - Presses de la Cité/Hachette; Germany - Bertelsmann; Italy - Bompiani; and Spain - Editorial Santillana. The project, a joint-venture of the publishing houses in question, has received no subsidies from the Community budget.

Publicity for the new book will be the responsibility of the publishers, who will inform the Education Committee, on which the education ministers of the member states are represented, of its existence.

The European Commission has no plans to subsidize the venture at this stage.