

### S U M M A R Y

- P. 2 THE ARTS: Berlin, cultural city of Europe, 1988  
The organizers present their programme in Brussels.
- P. 3 SINGLE MARKET: A few more steps towards 1992  
From customs procedures to lawnmowers and tractors.
- P. 4 SINGLE MARKET: Building a common market for machinery  
The European Commission proposes Community-wide safety standards for machines.
- P. 5 SOCIETY: Europe in retirement  
The European Community faces the problems of an ageing population.
- P. 6 AIR TRANSPORT: Safety must not become an "optional extra"  
The growth in air traffic imposes standards and strict checks in order to reduce the danger of accidents.
- P. 7 AGRICULTURE: Growth hormones continue to divide Americans and Europeans  
Despite the EC's decision to grant a year's grace period, the U.S. threatens reprisals.
- P. 8 MOTOR INDUSTRY: Stabilizing imports from Japan is not a panacea  
The European Industry Commissioner on the state of play in a vital industry.
- P. 9 INFLATION: Prices rise in October  
Up by 0.5% and more in half the 12 EC member states.
- ENERGY: The EC is still the world's third largest producer of natural gas  
Community production rises slightly between 1973 and 1986.

THE ARTS: Berlin, cultural city of Europe, 1988

The organisers present their programme in Brussels.

Berlin, which this year celebrated its 750th anniversary, will be the cultural city of Europe in 1988. This great city built on the Spree is accustomed to blending history and culture; one needs only to mention the name of Frederick the Great in this connection.

Culture and modern art owe a great deal to Berlin and it is therefore logical that the programme presented in Brussels should stress this tradition. But the choice of Berlin acquires special significance, as the European Commissioner for cultural affairs, Carlo Ripa di Meana, pointed out, because the city is a symbol from both political and cultural standpoints, given its location at the frontier between East and West as well as at the heart of Europe.

"Culture", Mr Ripa di Meana noted in his message, "is the privileged means of bringing people together and highlighting their roots and common identities. From this viewpoint, Berlin appears as the symbol of a city that can bring to Europe and the world a message of peace and hope."

The organisers of next year's cultural programme in Berlin have taken this into account. The city, as they have pointed out, was the vital centre of a cultural network which linked it to Warsaw, Prague, Cracow, Vilnius, Lemberg, Moscow and Reval. These links offer an excellent opportunity to discuss today - and particularly today - Europe's cultural identity, going beyond state and bloc boundaries.

As for the programme, it will be based on a series of major exhibitions, concerts and plays, aimed at a wide public. But the artists themselves will be a key focus of the programme. A number of them, engaged in a variety of artistic endeavours, will be invited to work in Berlin for an extended period of time.

The cinema has not been overlooked; on the contrary, a European Film Prize will be awarded for the first time in 1988. Other prizes will honour achievements in architecture and urban development, literature, fashion, design, etc. The traditional cinema and theatre festivals, from jazz to the Brecht festival, are expected to lure visitors to Berlin.

This extensive and varied programme will coincide with the relaunching of the Community's cultural activity.

SINGLE MARKET: A few more steps towards 1992

From customs procedures to lawnmowers and tractors.

The 12-nation European Community is inching towards the single internal market, a goal it expects to reach by 31 December 1992. At its meeting on November 30, the EC Council of Ministers managed to reach agreement on a number of subjects, some of which had been pending for several years.

The Council adopted three regulations which both simplify and harmonise customs procedures in use in the 12 member states. One of them will lead to a more widespread use of codes in data exchanges between the customs administrations themselves and between the administrations and traders. The codes involved relate to the identification of containers, the indication of customs regimes, units of measurement and the new Harmonised System of commodity classification.

The second of the three regulations deals with temporary imports and the third with customs facilities intended for travellers.

The EC Council also reached common positions on certain technical standards relating to tractors and lawnmowers; as a result, manufacturers will be able to market their products throughout the Community. The standards in question relate to the type-approval of agricultural or forestry tractors and permissible sound levels for lawnmowers.

In both cases, the agreement by ministers must go to the European Parliament. Since the entry into force last July of the Single European Act, amending the EC Treaties, Euro-MPs have a say in the case of all draft regulations dealing with the single internal market.

The EC Council brought the single market a shade nearer when it (1) extended the present regulation on solid fertilizers to liquid fertilizers and (2) reached agreement on a draft regulation on customs debt payments.

The Council also agreed to extend to all agricultural and industrial products the information procedure in force since 1983, under which the Twelve keep each other posted on the new standards and technical rules they envisage. This agreement too has now gone to the European Parliament for examination.

SINGLE MARKET: Building a common market in machinery

The European Commission proposes Community-wide safety standards for machines.

The European Commission has just sent the European Community Council of Ministers and the European Parliament its most ambitious proposal to date for the creation of an internal market in engineering goods by 1992. It deals with the safety standards that a very wide range of machines and appliances will have to comply with in order to be eligible for sale and use anywhere within the 12-nation Community.

The stakes are high, given that the draft directive would apply to over half the output of the Community's engineering industry - that is, to machinery worth an estimated ECU 110 to 120 billion\*, which is three times the EC's own budget. The draft directive covers a wide variety of machines, appliances, equipment, installations, etc., whether large or small, fixed or mobile.

The Commission's draft is based on the new approach to technical standards adopted by the EC Council of Ministers in 1985. This approach provides for framework directives covering the basic requirements for ensuring safety and no longer seeks to harmonise the standards in force in every member state in all details.

As a result, the task of preparing the detailed technical standards for each industry is entrusted to experts rather than the Council of Ministers or European Parliament. In the present case the detailed standards will be drawn up by the European Committee for Standardisation. Once the Commission's draft directive has been approved by the Council, the machines in question could be marketed throughout the Community, provided they met national standards. Manufacturers, in other words, will not have to wait for the Committee to have completed its task.

Under the new directive both manufacturers and importers will have to certify that the products they are putting on the Community market meet the new Community standards and stamp them with a Community code. Firms which assemble machines using parts from different suppliers will also have to follow this procedure.

The Commission's proposals would not apply to machines which do not pose safety problems (because they are manually powered, for example), nor to those which must meet additional safety requirements.

\* 1 ECU = UK£ 0.69 or IR£ 0.78

SOCIETY: Europe in retirement

The European Community faces the problems of an ageing population.

The Old World is steadily growing older. Around the year 2000 the population of the European Community will include some 100m. old age pensioners. Falling birth rates, together with declining mortality rates, have meant that the average age of people in the European Community is rising, while the size of the working population is falling. This is a development which already threatens the social security system, so that adapting the Community's social policies to the new situation has become a matter of urgency.

The European Commissioner with responsibility for social affairs, Manuel Marín, did not hide his preoccupations when he addressed the European Parliament's Committee on Women's Rights in Brussels. Launching the debate on a subject which is among the most crucial for our society, Mr Marín reminded his audience that the European Commission had already raised it in its memorandum on the various social security systems in the Community, which it sent to the EC Council of Ministers in 1986, and which it had included in its list of work to be undertaken on a priority basis in 1988.

A number of Euro-MPs expressed their opposition to an approach to the problem which was based on a policy of encouraging women to stay at home. Commissioner Marín stressed that while a reform of family policies was needed, the solution did not lie in increased social benefits. Germany, for example, had the lowest birth rate among the 12 EC countries, despite its very advanced system. In the case of Belgium, neither the welfare payments to women who stayed at home nor the children's allowances were proving much of a stimulant.

Moreover, the question of how higher welfare payments would be financed had to be faced. If the problem is already serious in a Community in which there is one old age pensioner for every four people at work, how will it be solved when the ratio will be two out of five?

Clearly, attitudes will have to change. Since there is no panacea, it is essential that the debate now launched by the European Parliament continues, in order to prevent the very future of our society being jeopardized.

AIR TRANSPORT: Safety must not become an "optional extra"

The growth in air traffic imposes standards and strict checks in order to reduce the danger of accidents.

The number of flights within Europe by passenger airlines rose by 7% in 1986. The increase is put at 30% for 1992. In terms of passenger-kilometres, the increase has been one of 50% between 1977 and 1985 for the scheduled airlines alone.

Air traffic is continuing to grow, sometimes by leaps and bounds, in Europe as elsewhere in the world. But at a somewhat heavy price: 7,500 people have been killed in some 240 accidents (excluding involving sabotage) during the past decade. The figures offer food for thought, especially in view of the continued expansion and projected liberalisation of air transport.

The problem was thoroughly examined during a symposium on air safety, held in Brussels on November 26 and 27, under the aegis of the European Commission and with the participation of all sectors involved in civil aviation: the airlines, air traffic control networks, accident inspection services, airport management and the trade unions.

"We must take a fresh look at the problems of air safety in Europe and make sure that safety never becomes an optional extra in the new civil air transport regime in the Community", the EC's Transport Commissioner, Stanley Clinton Davis, told the participants. He warned them of the dangers that would flow from a loosening of controls and lower safety standards.

The European Commission thought deregulation could result in a growing slovenliness if too much attention was paid to competition. Even if the lowering of air safety standards was not an inevitable consequence of liberalisation, it was necessary to be vigilant. While protected markets and cartels did not necessarily guarantee high standards, Mr Davis felt that liberalisation and the loosening of state controls could create conditions in which those standards could be undermined.

The President of the European Parliament's Transport Committee spoke along similar lines. There was an urgent need, he said, to look for solutions. The symposium did just this, looking in particular at three aspects of the problem: (1) prevention, including aircraft maintenance, training and licences and air traffic control; (2) protection, in order to limit the consequences of an accident and (3) investigation, including accident investigation, so that the lessons so dearly bought could be put to good use.

AGRICULTURE: Growth hormones continue to divide Americans and Europeans

Despite the EC's decision to grant a year's grace period, the U.S. threatens reprisals.

Within hardly a few days of the decision by the European Community Council of Ministers to postpone by a year its ban on the marketing and import into the Community of meat from cattle treated with growth hormones, the United States has resumed its offensive. President Reagan has announced that the United States plans to increase import duties on Community products from 1 January 1988, for an amount equal to American meat exports to the 12-nation Community.

True, the President added that the measures would not be applied as long as the Community allowed imports of hormone-treated meat; but the fact is that hostilities have been resumed, just when an armistice could have been expected, given the concessions made by the Europeans - concessions which some of them have criticized.

Brussels had been quick to react. A European Commission spokeswoman, who described the American attitude as "unfortunate and unjustified", pointed out that the ban on the use of growth hormones and, consequently, the sale of meat from cattle treated with them, applied to Community procedures to begin with; it therefore could hardly be regarded as discriminatory.

The EC, moreover, had undertaken not to apply the ban to imports for a year, to avoid a sudden disruption in the exports of third countries. Producers in these countries can therefore dispose of their stocks of meat containing hormones produced before 1 January 1988.

The European Agricultural Commissioner, Frans Andriessen, and his colleague Willy De Clercq, who has responsibility for the Community's external relations, have responded to the American threat with firmness: should the U.S. carry it out, the Community would have no alternative but to take "equivalent retaliatory action" against American exports.

MOTOR INDUSTRY: Stabilizing imports from Japan is not a panacea

The European Industry Commissioner on the state of play in a vital industry.

The creation of a genuine common market for motor vehicles by 31 December 1992 could require the 12-nation European Community to stabilize imports from Japan, according to the European Industry Commissioner, Karl-Heinz Narjes. He has underlined the fact that European manufacturers must re-organise themselves on European lines and become more competitive in order to meet successfully the challenge facing them in coming years.

The stakes are high: the motor industry accounts for 1 in 10 jobs in the Community and 10% of its exports. The 1980s have appeared so far as a very bleak period for much of the European motor industry. While employment has fallen by 17% to 1.8 million since 1980, volume producers have made losses in each of the five years between 1981 and 1985.

Even so, these same producers together earned profits of ECU 2,000m\* in 1986 and are expected to more than double them in 1987. Truck manufacturers also have had to close down factories, but their financial situation is much better now.

During the 1990s Japan will represent the major challenge. Mr Narjes is convinced of this and said as much during a speech in Antwerp recently. The fact is that Japanese manufacturers increased their share of the EC car market to 10% in 1986, as against 9% the year before. The European Commission expects Japanese exports to rise by 7% this year to 1.18m. units, out of a total Community market of almost 11m. vehicles. Even the luxury end of the market is coming under pressure from the Japanese.

As in many other sectors, European manufacturers have failed to penetrate the Japanese market in the same way. They managed to sell only 66,000 vehicles in 1986. They expect to do much better this year, however, exporting up to 80,000 vehicles.

Those member states that currently limit imports of Japanese cars on a national basis, notably France and Italy, will have to scrap their restrictions in the context of the single market. But imports of Japanese cars could be stabilized at the Community level for a number of years, in Mr Narjes' view.

But stabilization is not a panacea, as he has made clear. The Japanese are beginning to produce cars in the United States to take advantage of the weaker dollar. European manufacturers have no alternative but to become more competitive.

\* 1 ECU = UK£ 0.69 or IR£ 0.78



INFLATION: Prices rise in October

Up by 0.5% and more in half the EC member states.

The consumer price index for the 12-nation European Community as a whole rose by 0.5% between September and October 1987. This "substantial rise", in the words of the EC statistical office, Eurostat, follows a period of five successive months of moderate increases: since May they did not exceed 0.1% to 0.2%.

In October prices rose by 0.5% in the U.K. and the Netherlands, while the Community's southern states recorded much sharper increases, including a substantial 3.1% in Greece, largely because of the introduction of VAT on clothing and footwear. Prices rose only moderately in Germany and France. They were stable in Luxembourg and even fell slightly in Belgium.

The Community's rate of inflation over the 12 months ending this October was 3.4%, as compared to 3.1% over the previous 12 months. This spurt in the consumer price index has mainly affected the Community's most populous states (the U.K., France, Germany and Italy) and the three Benelux countries.

In Denmark, Spain, Greece and Portugal the rate of inflation has declined over the 12-month period to October 1987. Over this same period prices rose by 4.5% in the United States, as against a mere 1.5% to October 1986.

ENERGY: The EC is still the world's third largest producer of natural gas

Community production rises slightly between 1973 and 1986.

With a production of 159 billion cubic metres in 1986, the 12-nation European Community ranked third among the world's natural gas producers, after the Soviet Union and the United States. Between 1973, the year of the first oil shock, and 1986, Community production rose by just over 12 billion cubic metres, while that of the Soviet Union nearly tripled and that of the United States fell by almost one-third.

The U.K. and the Netherlands together accounted for some three-quarters of the natural gas produced in the EC. This was a slightly higher proportion than in 1973. Although Dutch reserves are beginning to show signs of exhaustion, the Netherlands remains by far the largest Community producer and the fourth largest in the world, after the Soviet Union, the United States and Canada, whose output exceeded the Dutch by a mere 3.6 billion cubic metres.

In 1986, Dutch production stood at 74.1 billion cubic metres and that of the U.K., the world's fifth largest producer, at 45.3 billion cubic metres.