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SUMMARY

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ENERGY: Don't rest on your laurels, Europe!

The European Commission's recommendations to the Twelve.

In the second half of the 1970s, and the early part of the 1980s, the European Community managed to cut back on its energy consumption, especially as regards imported oil. The European Commission has now warned the Twelve that if they want to keep up the momentum and reach the goals set for 1995, governments will have to adopt a number of specific measures. As the Commission points out in a paper published at the end of March, Europeans are not as careful, now that oil prices are relatively low.

Among the goals for 1995 which the Community's energy ministers set in 1986, it is the one relating to energy savings which is most at risk. Between 1973 and 1982 the 12-nation Community improved its energy efficiency by some 20% - in other words, in 1982 it was using 20% less energy to produce the same quantity of wealth as in 1973. In 1986 the Twelve set themselves the same target for 1995.

The race to save energy seems to have started badly, however. Between 1982 and 1986 the 12 EC countries managed an increase in energy efficiency of no more than 2.4%. This was some four times less than in previous years. The European Commission, not surprisingly, has called on the Twelve to act quickly to redress the situation (see page 3).

The Commission believes that nearly all the other goals the Community has set itself for 1995 can be reached. It must limit oil consumption to approximately 40% of total energy consumption and hold down net oil imports to less than one-third of total consumption. But oil's share in total consumption had already fallen to 47% in 1986, as against 51% in 1982 and 63% in 1973. Net imports, meanwhile, accounted for less than one-third of total energy consumption, as compared to 62% in 1973.

The Commission nevertheless wants the Twelve to keep a close watch on oil consumption, especially in the transport sector. This sector already accounts for some 40% of the Community's oil consumption, and its share is likely to grow rapidly.

The Twelve are also asked to take steps to promote the use of coal and other solid fuels, given that their share in the Community's total energy consumption is declining. In 1986 such fuels accounted for only 22% of the total, as against 23% in 1973, when the EC agreed to encourage their use.

The renewable sources of energy - solar, geothermal, waste matter, wind, etc. - are expected to represent some 2% of total consumption in 1995. The Commission believes an additional effort must be made in this sector also.

ENERGY: How to economize on it - more cheaply

The European Commission favours the creation of energy service companies.

Saving on energy obviously means saving on cash. But the initial investment in energy devices can prove costly, thus discouraging companies and government departments from looking at ways of reducing their fuel bills. It is in order to break this vicious circle that the European Commission is asking the 12 European Community governments to encourage third-party financing through the development of energy service companies.

Such a company would begin by analyzing the energy balance sheet of the firm or government department which sought its help. It would then propose suitable investments, which it would coordinate and finance. The energy service company would also operate and maintain the new equipment. The costs incurred by it would be met out of the savings resulting from the more economic use of energy.

The technique of third-party financing is in widespread use in North America, where some 150 energy service companies are applying it since 1984. In Western Europe, on the other hand, there are only 10 such companies. The fact is that legal and financial obstacles have prevented their growth on this side of the Atlantic.

Hence the action programme which the European Commission is proposing to the Twelve. It requires them to stimulate government departments and local authorities to have recourse to the energy service companies that the public utilities and other large enterprises with the necessary know-how would be encouraged to set up.

The Twelve could also grant loans to the service companies that are set up. In addition, the Commission envisages measures which favour small consumers, especially small and medium-sized businesses. It is advising the member states to draft national model contracts on the basis of those which it has prepared. This would make it easier, in the Commission's view, to solve the problem of how the risks and benefits are to be equitably shared between the energy service companies and their clients.

EDUCATION: Neither Esperanto, nor Franglais

The Commission wants the Community languages taught more effectively.

The first example of simultaneous translation probably occurred in the Holy Land, just under 2000 years ago, when the Holy Spirit descended on the apostles and their sermons were heard by each person in the crowd in his own language.

We have not managed to improve on that, although one of our major problems, since the days of the Tower of Babel, is making ourselves understood in a language other than our own. The most effective method clearly is to learn the language in question - or even several of them.

Learning a foreign language is easier said than done, however. Not surprisingly, those who manage to do so are said to have the gift of tongues. But unless the European Community's citizens learn more than one Community language, their right to live and work in any of the 12 member states is likely to have symbolic value only.

The problem is not made easier by the fact that the Community has nine official languages, two purely national ones and numerous regional languages. It is obvious that if as many Europeans as possible were to become polyglot, the Community's economic, technical, scientific and cultural development would be greatly stimulated - not to mention its internal cohesion.

But foreign languages are badly taught in most EC countries. This had led the European Commission to send the Community's cultural ministers, in time for their May 24 meeting, a paper which should both encourage an exchange of views on the teaching of modern languages and enable the Commission itself to prepare an action programme, before the end of the year, for the Council's approval.

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The Commission has already called on the member states, who must decide how language teaching is to be conducted, to give it the place it deserves in the school curriculum. The Commission wants them (1) to ensure that students acquire a practical knowledge of the language studied; (2) enable future teachers to spend some time studying in the country whose language they will be teaching and (3) encourage linguistic and cultural exchanges between young people. It is essential to motivate the young, in the Commission's view; hence the importance of school exchange programmes.

The Community itself could help in a number of ways, notably by providing scholarships to enable teachers, including those already in employment, to complete their training abroad. The Community could also give some of them the possibility of spending a sabbatical in the country whose language they teach.

Such activities could be complemented by a set of supporting measures, including support for those Community languages which are less widely spoken, the creation of an information network on language teaching and backing for studies and research.

Understanding others is not an impossible task.

JOBS: Danger must not become an occupation

A Community directive on protective measures for workers against biological agents.

Numerous biological agents are harmful to health and exposure to them increases considerably the risk of illness. Such exposure can result from very different kinds of work: in research laboratories; the isolation wards of hospitals; clinical, veterinary and diagnostic laboratories and industries using biological agents.

The danger, therefore, is not simply one of becoming infected by someone who is ill; it arises from medical, pharmaceutical and even industrial activities. Nor can one overlook the danger to which an entire population may be exposed.

All such risks are not always covered by Community legislation, even though the European Community has already adopted directives offering protection against chemical agents such as lead, asbestos, benzene and cancer-producing as well as physical agents, such as noise at the place of work, for example.

The European Commission has therefore sent to the EC Council of Ministers a new directive aimed at (1) protecting workers against exposure to biological agents and (2) harmonizing existing conditions in the field in the member states. It will be necessary initially to determine the nature and extent of the intrinsic danger to health; the risks from actual or potential exposure of workers; the risk to the community from transport from the place of work and the risk of the spread of diseases within the community.

It is indispensable, in the second stage, to reduce the level of exposure as much as possible, by limiting the number of workers subject to such exposure; preventing the exposure itself; introducing measures for both individual and group protection; adopting sanitary measures; providing information to workers; using warning signs and preparing emergency procedures.

The European Commission has made a clear distinction between activities which imply accidental exposure and those which require a conscious decision on the worker's part with regard to biological agents. In the latter case supplementary measures are envisaged. They include the provision not only of danger-free areas where workers can eat and drink and change their clothing, for example, but also of protective equipment, disinfecting agents, showers, etc.

Forewarned, clearly, is to be forearmed.

BANKING: Helping banks stay in business

The European Commission proposes a uniform method for assessing the capacity of banks to meet their losses.

Bankruptcy has always been something of a nightmare for bankers. And even more so for the bank's customers, ever since the Italians invented banks towards the end of the Middle Ages. When a bank failed in those days, its counter was broken (hence the term bankrupt, or banco-rotta).

The European Commission, clearly convinced that one should be able to bank on one's bank, has sent the European Community Council of Ministers a directive which is an addition to the earlier, second directive, which provides for a single Community licence, issued under the authority of a single state of origin.

An essential precondition to this liberalization remains, nevertheless, the adoption by the whole of the banks' supervisory authorities of a harmonized series of rules of prudence which the Commission drafted after having consulted Community banking circles. A safety net is provided by the debt ratio - i.e. the ratio of the capital base of the credit institution (the numerator) and its total assets and liabilities below the line, weighted in relation to the varying degrees of risk (the denominator).

The directive provides for a minimum threshold for this uniform ratio, which the Commission suggests be set provisionally at 8%. In other words, banks in the European Community will have to limit their exposure to approximately 12 times their net worth.

In order to bring about a progressive strengthening of standards as regards the capital base, the proposed directive stipulates that between the entry into force of its implementing measures (1 January 1990) and the introduction of the minimum ratio (1 January 1993), credit institutions whose ratio is below the minimum must not let it fall any further.

At present a debt ratio based on exposed assets exists in five of the 12 EC countries; the rates vary between 5% and 8%. Three other member states have introduced a similar system, while in the four remaining member states there is no ratio, whether of this or any other type.

REGIONAL AID: Rebuilding the economies of regions centred on shipbuilding

The European Commission finalizes its Community programme RENAVAL.

The regions of the European Community which have been hit by the crisis in the shipbuilding industry should receive a total of ECU 200m.* in financial aid from the European Regional Development Fund (ERDF) between now and 1990. The European Commission has proposed the aid be extended in the framework of its RENAVAL programme for the economic recovery of the regions in which the declining shipbuilding industry is located. The money would be used to launch new activities and create new jobs.

Like the RESIDER programme, launched in February to help the steel producing areas of the Community, RENAVAL aims at the economic recovery of regions seriously affected by the decline of traditional industries. This is one of the five goals for the reform programme for the Community's structural funds, set up with a view to reducing disparities within the 12-nation Community. The EC heads of state or government approved the broad outlines of the reform in Brussels in February.

Detailed proposals were submitted at the end of March by the Commission, which has modified the contents of its RENAVAL programme in consequence. The programme seeks to breathe new life into derelict industrial sites, create new services aimed at small and medium-sized businesses and develop businesss finance facilities.

* 1 ECU = UK£ 0.67 or IR£ 0.78

ENVIRONMENT: Chemicals which protect works of art

An Italian researcher wins an award presented by the European chemical industries.

Chemicals are usually associated with pollution and the destruction of historic sites, rather than the conservation of works of art. But chemicals can also be used to preserve Europe's cultural heritage.

No doubt this is what the European Council of Chemical Manufacturers' Federations (CEFIC) wanted to demonstrate when it decided to award a prize every two years to one or more West Europeans who have shown how the chemical industry can help protect the environment.

The first CEFIC Environment prize has been awarded to Prof. Paolo Parrini* for his work on the protection and restoration of works of art, whether paintings, frescos or violins, thanks to chemicals. The jury included two senior officials of the European Commission.

* President of Syremont, a subsidiary of the Italian chemical group Montedison.

UNEMPLOYMENT: Stable in February

16.6 million registered unemployed in the 12-nation Community.

The number of registered unemployed fell by 0.3% in the European Community in February - which is to say, the situation remained largely unchanged. While unemployment fell in most Community countries, it rose in Italy. As a result, unemployment in the 12-nation Community still stands at 16.6 million.

At the end of February, 10.8% of the Community's labour force was unemployed, on the basis of identical criteria for all 12 member states. After adjusting for seasonal factors the EC's statistical office, Eurostat, concluded that 10.4% of the workforce remains unemployed. Male unemployment stood at 8.4%, female at 13.5%. Nearly 21% of those under 25 years of age were jobless.

EMPLOYMENT: A minimum European wage is still some ways off

The 12-nation Community has a wide variety of systems.

The system of a guaranteed minimum wage varies a good deal from one European Community country to another at present. It will not be easy, therefore, to bring the various national systems into line with each other or harmonize them from the viewpoint of the Single Market, set for 1992. The European Commission in fact has told a British Euro-MP, Geoffrey Hoon, it wants to study the social effects of the Single Market before presenting its proposals.

In half the Community's countries* there is a legal provision for a minimum wage for all wage-earners. It covers roughly 7% of the wage-earners in France, the Netherlands and Luxembourg; 10% in Spain and 20% in Portugal. In Britain, Ireland and Belgium the law restricts the minimum wage to certain categories, notably the young. Finally, in Germany, Italy and Denmark the minimum wage is set by collective agreements, generally according to sector of activity or profession.

* France, Greece, Luxembourg, the Netherlands, Portugal and Spain.