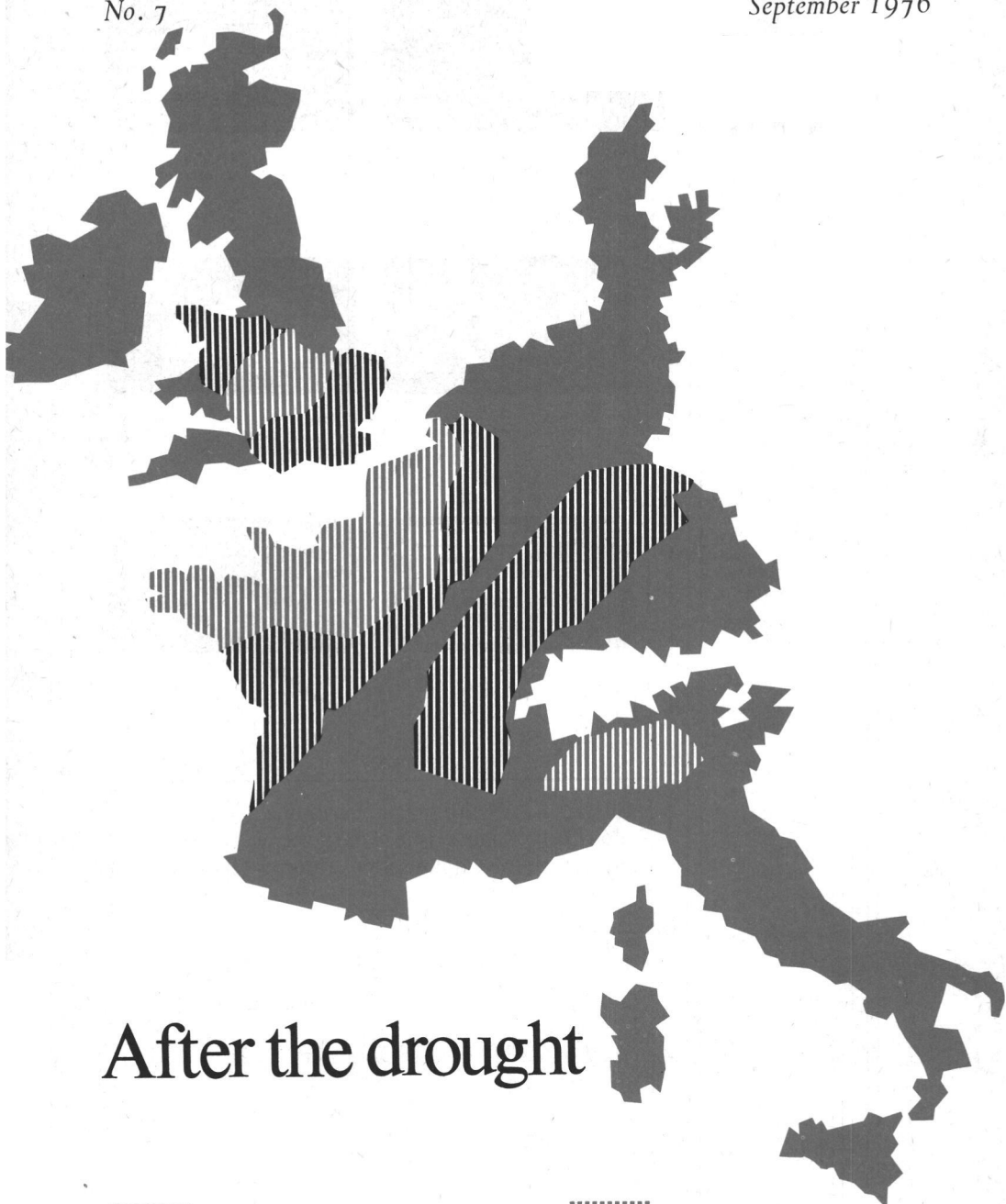


European Community

No. 7

September 1976



After the drought



From 50 to 60% of normal rainfall



Less than 50% of normal rainfall



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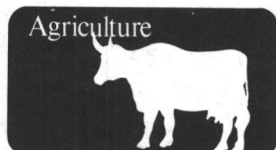
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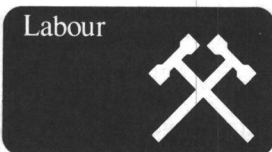
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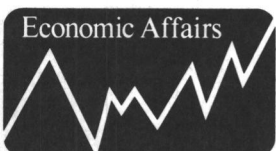
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The article 'A word in your earphone', on pp 28-30 of our July/August issue, was by Renée van Hoof, Director of the Commission's Interpreters and Conference Service.

The Community in October

October 4 & 5 Agricultural Ministers' Council, Luxembourg

October 18 & 19 Foreign Ministers' Council, Luxembourg

October 21 Economic & Finance Ministers' Council, Luxembourg

October 25 & 26 Agricultural Ministers' Council, Luxembourg



Soya bean trouble

Lardinois calls for more understanding in US

M. Petrus Lardinois, EC Commissioner for agriculture, made an appeal for more understanding in Community-American agricultural relations in Monterey, California, on August 24, 1976.

'An element of tension, of mistrust even, is creeping into our relations. If this is not faced squarely, it could lead to some sort of rupture', he said.

During the last few months there had been 'fresh rumblings in the chicken war. Our farmers' are being unfairly treated by the US phosphate cartel and we have had problems with canned hams and beef. The American side has complained about the Community's deposit scheme for vegetable protein and our proposal for a consumption tax on vegetable oils.

'In the present atmosphere, actions taken for very good reasons are capable of being misconstrued and labelled as protectionist, as anti-soya or even as anti-GATT.'

This last line of attack was easy for America because she did not have obligations for farm products under GATT.

Partnership

M. Lardinois stressed the importance of the trade partnership between the Common Market and

America. 'Last year the Community bought a fifth of all America's exports to give her a 6.1 billion dollar trade surplus with the Community.' America also had a 4.5 billion dollar surplus on farm trade with the Nine.

'We are partners too in supplying the world with foodstuffs', he said. The Community had become a food exporter with a 12 per cent share in world food exports. But it remained a net importer with an overall farm trade deficit of more than 21.5 billion dollars. America by contrast had a farm trade surplus last year of 13 billion dollars.

Protectionism

After appealing 'for greater caution and greater understanding in all our dealings', M. Lardinois dealt with two hot issues concerning farm trade. 'Community exports were being shut out of one American market after another', he said. 'We have been kept out of your dairy market by a rigid system of quotas. We are being pushed out of the market for canned hams. We have been displaced almost completely in the beef market. You are threatening action again against our brandy exports. New health regulations are constantly threatening different minor products. We have the impression that America

is purposely treating agricultural trade as a one-way flow. You preach free trade when it comes to other people's internal markets, but you practise rigid protection at home. For us Europeans America has become the most protected farm market in the world.'

Despite difficulties in its trade the Community had stuck to its GATT-commitment to allow US soya beans and soya bean meal duty-free access. This had led to a 4-million-ton increase in US soya bean exports to the EEC, and a ten-fold increase in soya bean meal exports to 2.6 million tons in 1975. The Community was concerned at the sharply fluctuating prices at which these exports took place. They were undermining the whole common agricultural policy which was directed towards maintaining stable consumer prices and farmers' incomes. 'We are quite content to pay the average price that we have seen for your soya in the last few months or years. We are not opposing price variations caused by real supply and demand problems after some care for stocks has been taken. But I tell you bluntly that we want more stability in soya prices and that this may be something we shall have to talk about.'

Greece

M. Lardinois continued: 'Greece will probably soon become our tenth member and she does not have import obligation of oilseeds at all because of her own olive oil production. But for her existing membership, Italy would surely change her policy. France has also always had difficulties with duty-free imports of oilseeds. It is only the Northern European countries that do not have

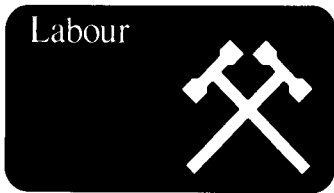
this problem. You can see that, in a way, this is causing us a North *versus* South problem in our Community. This will present the EEC and the United States with difficulties in the future'.

Community tax plan

Referring to the so-called anti-soya measures adopted and proposed as a necessary part of the Community milk action programme, M. Lardinois said they did not represent discrimination against soya beans. The proposed consumption tax on vegetable oils would apply to those produced in the Community as well as to imported oils. The protein deposit scheme had not reduced soya bean imports into the Community which had run at almost record levels for the first part of 1976 and showed big increases over 1975. 'There is nothing in our milk policy that should endanger our partnership. We, for our part, would like to see the partnership extended to cover more two-way traffic in farm exports.'

Euro-poll

More people (62 per cent) in the Nine want a directly elected European Parliament than believe 'the Common Market is a good thing' (53 per cent), according to the latest 'Eurobarometer' conducted for the Commission. A majority (57 per cent) also back the plan for a European Union. However, the 53 per cent in favour of the Community are fewer than in the autumn of 1975, when the percentage was 63 per cent. It should be pointed out, perhaps, that the poll was conducted before the successful Brussels 'summit' meeting.



Job Creation in Europe

The Commission's view

Schemes have been launched in most member States to reduce the level of unemployment, the Commission told Mr. Thomas Nolan, European Progressive Democrat member of the European Parliament, in answer to a recent written question.

Youth unemployment in the Community has grown continuously since 1970, has doubled since the beginning of 1973, and the spring of this year saw more than 1,500,000 young people under 25 unemployed. In spite of the expected improvement in the economic situation the outlook for young people remains uncertain. The labour supply between 1976 and 1980 is expected to increase by about two million while there will be a fall in the number of those retiring. Thus, youth unemployment could become more acute in the medium term.

In the longer term (from about 1985 onwards) the situation should become easier as the young people born in the years of low birth rates since 1968 start entering the labour market. But youth unemployment is not caused solely by quantitative factors. It is also the outcome of a growing divergence between the preparation and qualifications of the young people entering the labour market and the kind of jobs available to them.

Social works

Job creation schemes include projects to improve certain basic social infrastructures (construction of roads, bridges and public buildings) and restore the environment (afforestation, land utilisation, etc.). They may also be devoted to the development of local services.

Examples include the following:

The Danish national budget for 1975/76 sets aside the sum of Dkr 47.7 million to finance schemes to help young people between the age of 15 and 24 – Dkr 20 million is being spent on public amenity schemes, both social and environmental. At the end of November 1975, a total of 1,200 young people were benefiting from the programme. Prior to that, the weekly average had been some 600 participants.

In Ireland a programme was established to provide training for unemployed school-leavers and other young unemployed persons in Community projects and was started in December 1975 on a pilot basis in the Dublin area. The programme is now being extended to other areas and work will be commencing shortly on about 40 projects. After a short period of induction in an industrial training authority training centre, recruits are engaged in Community projects such as renovation of old

peoples' homes, restoration of public parks, laying out playgrounds and other similar activities. The tasks carried out are jobs that would not otherwise be done and trainees are paid the normal training allowances for the period of their involvement. As part of the programme, local authorities and other voluntary organisations are identifying suitable schemes and are cooperating in providing materials and equipment.

It is expected that about 800 young persons will benefit from the programme this year at a cost of £450,000.

In the Netherlands, land utilisation schemes are traditionally part of the machinery for creating employment. A total of Fl 20 million, divided up among the different regions depending on the seriousness of the situation, was also allocated by the Government for social and cultural activities to reduce unemployment among youth. They include a fairly wide range of social schemes to help the aged, children, and the handicapped, and to improve housing, living and working conditions.

Britain

In the United Kingdom, the 'Job Creation Programme', which was drawn up in November 1975, is designed to put into operation short-term projects with social implications, the chief, though not exclusive, aim being to relieve unemployment among young people. Projects are organised by local authorities or organisations in areas particularly hard hit by unemployment, and labour-intensive techniques are applied.

By February 1976, this Job Creation Programme (for which the £30 million initially allocated was

increased by £10 million and then again by £30 million) had carried out 722 projects, employing 9,027 people, at a cost of just over £10 million.

The Commission has already on several occasions expressed its approval of such schemes as short-term remedies, provided the employment offered does not constitute a blind alley for young workers.

If there is a 'training' side to any such schemes, they may be eligible for aid under the European Social Fund's usual conditions. Otherwise, the Commission feels that any financial aid proposals it might consider should centre on remedying the causes of imbalance on the labour market rather than on temporary emergency measures which vary considerably in character and procedure from country to country.

Nevertheless, the Commission is endeavouring to encourage member States to examine in common the operation and results of such schemes, particularly at the regular meetings of the senior officials responsible for employment in the member States.

Training

Since it gave its answer to Mr. Nolan, in fact, the Commission has approved a draft recommendation to the member States urging them to promote the appropriate vocational preparation for young people who are unemployed or threatened by unemployment.

Target groups

The specific concern of this recommendation is the large number of young people who enter the labour market every year without adequate preparation for the world of work.

They leave school at the minimum age (ranges in the Community from 14 to 16) often with poor command of the basic skills. Since they at present receive little guidance or training, they have difficulty in finding a job. It is this category of young people which needs the help of well integrated guidance, training and placement services.

The recommendation should also provide help for those young people who, without any prior vocational training, have found work of an unskilled type. But such work is often threatened by redundancy at short notice, so the recommendation aims at improving their chances of keeping their jobs or of finding new ones.

Specific measures

The member States are recommended to make vocational preparation available to young people between the end of compulsory school attendance and the age of 25 who are either unemployed or threatened by unemployment and who have no other opportunity for vocational training. This preparation should include as appropriate:

- (a) Vocational guidance;
- (b) reinforcement and application of

basic skills, e.g. oral and written expression, elementary mathematics, etc.;

(c) understanding of the basic principles of economic and social organisation, law relating to social security and employment, roles of management and trade union, etc.;

(d) practical initial training in a broad skills area;

(e) practical experience of work.

The recommendation also urges that young people threatened by unemployment should be given reasonable leave of absence from their work to attend training courses and that maintenance allowances, fees (if any) and the costs of courses should be paid to young people attending publicly approved courses.

Finally, member States should take any necessary steps to ensure that young people who leave school at the minimum school-leaving age are not prevented by legal restrictions from undertaking vocational training or taking up employment.

The Commission will now consult the European Parliament and the Economic and Social Committee before publishing the final text of the recommendation.

Quote of the Month

'The regulations include special exemptions to permit the sale of uneviscerated - New York dressed - poultry. In particular, the sale by producers of their own 'dry plucked' poultry - the type which is sold predominantly at Christmas - will not be subject to the regulations.' Mr Fred Peart, Minister of Agriculture, Fisheries and Food, in a written answer to Mr Norman Buchan, MP, on the implementation of EEC poultry directives, August 4, 1976.



After the Drought

The parched summer of 1976 has affected all of Europe.

The obvious effects of Europe's drought could be seen everywhere. Trees prematurely brown, grass a dusty yellow, streams a mere trickle, reservoirs turning into basins of cracked mud – in Britain, France, Germany, Italy, Benelux, Denmark, Ireland the story was much the same. In England, parts of the West Country looked like Africa: the lions of Longleat must feel at home. Even the Lake District where fields were still green was suffering from the shrivelling glare. A second hay crop seems unlikely; some farmers are already grazing cattle on the short grass; some are having to use winter feed. Elsewhere, things were worse still: shortage of feed meant early slaughter in some herds. This may help to relieve the dairy surplus, but only marginally and in the short term. Animal farming has been knocked sideways by the sun.

Withered

No less hard hit were the crops. In Britain the Minister of Agriculture, Mr Peart, has seen for himself the pitiful, withered yields of potatoes and other root vegetables; he has also warned of higher prices for cabbages, spring greens, and so on, as the effects of the water shortage work their way through to the greengrocer's stalls. Some people have already bought up stocks for freezers

if they have them; and this winter it seems likely that many people will be using frozen and tinned vegetables, or going without.

A European problem

Like so many of our problems, this isn't confined to Britain. Already in July, the European Community's Commissioner for agriculture, Petrus Lardinois, told a press conference how he foresaw the shortfall in 1976 production. The grain harvest, he said, looked like being 5 per cent below the 1975 figure, which itself had been comparatively small at 97 million tonnes. Sugar yields, which only a few months earlier had been estimated at 11 million tons, would reach only 9½ million with luck, and only 9 million if the water shortage continued. Existing stocks and imports from the African, Caribbean and Pacific (Lomé Convention) countries, however, would make up the gap.

Worse hit still were potatoes: here, M. Lardinois said, we might face a new shortage and renewed high prices unless rain fell soon. Fruit and vegetables would also be affected, with heavy demand chasing fewer supplies.

Cattle farmers, M. Lardinois continued, faced a double problem: premature slaughtering necessitated

by the feed shortage, and a drop in demand due partly to inflation and unemployment. The drastic fall in market prices had been steadied by intervention buying; but for many small farmers the problem was acute. In the dairy sector, while some milkers had been slaughtered, overall production was still likely to be in surplus, so the 'mountain' problem remained.

Looking at the price problem in general, M. Lardinois concluded that basic foods like bread, milk, sugar, and meat should still be able to be sold at fairly stable prices. The brunt of the drought, he said, would be felt in the price of potatoes, other vegetables, and fruit – as well as in some particular commodities such as flax.

Commission action

Shortly afterwards, the Commission took some first steps to tackle the difficulties caused by the Europe-wide drought. For beef and veal, it had already introduced aid for private storage throughout the Community, and authorised the French intervention agency to buy in 10,000 tonnes of beef in the regions worst hit. It now authorised Germany, Belgium, the Netherlands, and Luxembourg to buy in a total of about 1,000 tonnes more.

To make the best use of fodder resources, the Commission announced its intention to put a brake on speculative exports by applying a 40 per cent export levy on hay and other dry fodder. It also recommended that the member States should ban the burning of straw and consider using molasses for animal feeding. Meanwhile, the Commission said that it was considering whether to increase aid to encourage the use

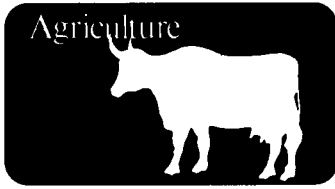
of liquid skimmed milk as feed in some of the worst-affected areas. It might, it added, make available some powdered milk from intervention stocks.

Finally, the Commission announced that it had in mind a reduction in the customs duty on fodder plant seed (lucerne, etc.) if Community stocks proved inadequate.

Council action

The Council of Ministers of Agriculture, at its meeting in Brussels on July 19 and 20, 1976, also discussed the drought and steps to deal with it in both the short and the longer term. There was general agreement that the most urgent problems were those of feeding stuffs and beef and veal. The Council therefore agreed on a series of measures to be adopted, technically, by the Commission through Management Committee procedure. These were:

- the extension until September 15 of intervention for beef and veal for the same quantities as previously authorised until July 31 (France: 10,000 tonnes; Germany: 5,000 tonnes, Netherlands: 1,200 tonnes; Belgium: 1,200 tonnes; Luxembourg: 500 tonnes);
- an increase in the quantities of beef and veal for which aid for private storage is granted (from 80,000 tonnes to 100–120,000 tonnes);
- the adaptation of export refunds for beef and veal and possibly pigmeat;
- an increase in aid for liquid skimmed milk used as an animal feedingstuff;
- measures to release stocks of intervention beef and veal.



Sacred cows

Dealing with the milk and butter mountains

In July, the Commission outlined the main elements in a proposed action programme for bringing supply and demand for the Community's dairy products into better balance. The proposals are for the four years 1977-80. They were to be spelled out in more detail in September, when the effects of the drought on Community agriculture were clearer. The main aim of the proposals is to reduce the quantities of butter and skimmed milk powder offered to intervention and so to cut the costs of the milk sector in the Community budget.

Why new measures?

Although the summer drought has affected milk production to some extent, predictions of output for the medium and long term suggest that unless action is taken the present surplus will get bigger. Production is currently running 10 per cent above demand. Skimmed milk powder stocks are 1.3 million tonnes – equivalent to nine months' output – and butter stocks are currently 200,000 tonnes.

The cost to Community taxpayers of dealing with these surpluses is rising. For 1976 the dairy sector is expected to cost 1,900 million units of account, or more than 35 per cent of the total agricultural budget.

The present structural surplus results from a steady increase in sales to dairies, often of milk which would previously have been used on the farm, and a stagnation in demand. Quite apart from the high level of support prices which provide producers with a guaranteed outlet, the position is worsened by the payment of national investment aids, increase in herd size, shrinking of outlets because of changing consumer attitudes and a cutback in the use of skimmed milk powder for animal feed on farms.

Demand is also affected by duty-free or low duty imports of oils and fats and vegetable proteins which are in direct competition with dairy products. The competitive price of soya, which is a rich animal feeding-stuff and can be imported at low rates of duty, gives a further boost to milk production.

Actions proposed

Non-marketing premiums

The Commission would like to see a big reduction in deliveries of milk to dairies. These deliveries now equal about 81 million tonnes – 10 million more than in 1968. The Commission proposed that farmers who agree not to market milk should be compensated according to their level of production – an adaptation of the

proposals put forward by the Commission as part of its submission for 1976/77 prices. The scheme will be linked with the early pension and retirement scheme which is one of the Community's structural measures for encouraging the modernisation of agriculture. It may also be linked with disease eradication schemes for wiping out tuberculosis, brucellosis and leucosis. The Commission is to propose a special programme for eradicating animal disease over the 1977/80 period. The Commission hopes that these measures would cut the dairy herd by about 1.2 million head.

Suspension of aids in the dairy sector

The Commission wishes to see a three-year suspension of national and Community aids for expanding the milk sector and will not grant-aid milk projects under the FEOGA major projects scheme (17/64). This would apply to processing as well as on-farm investment, but would not affect less favoured areas such as hill farming regions. Community modernisation schemes such as the UK's Farm and Horticulture Development Scheme would still be available for milk producers provided 80 per cent of fodder needs could be supplied from the farm and stocking rate did not exceed 1.3 cows per usable hectare. Research and investment designed to increase outlets for milk products would be exempted from the ban.

Levy on milk producers

The Commission proposed imposition of a levy on milk producers which would cut producer returns and establish a closer link between the production and marketing of milk. This is the so-called 'co-responsibility' levy. It would be fixed

before November each year by the Council in the light of trends and prospects on the milk market and could be modified during the year.

The rate of levy which the milk producer would have to pay would take account of the price of vegetable protein prevailing at the time. If this imported feedingstuff were cheap, the levy could be fixed at a higher level than if the feedingstuff were dear. This would act as a certain deterrent on milk producers against using more high protein feedingstuffs when prices of such products as soya bean were depressed.

The levy would not be applied in mountain areas and would be reduced in so far as producers took back liquid skimmed milk from the dairies for use as animal feed on their own farms.

Money raised from the levy would be used to expand markets both inside and outside the Community, for instance by increasing the subsidy for skimmed milk used for animal feed, promoting sales, market research and establishing long-term export contracts. The milk products consultative committee would be consulted on how the money was to be spent.

No specific rate of levy was then proposed by the Commission, although amounts of 1p or 2p per gallon have been discussed.

Tax on vegetable oils

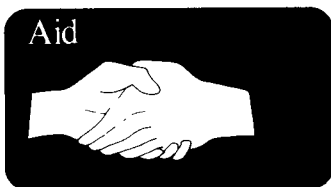
The Commission proposed a balancing levy on the processors of home-grown or imported vegetable oils. At a time when the Community is asking its own milk producers to take a cut in income, argues the Commission, it is reasonable to ask the manufacturers of vegetable oils to make a similar contribution, since their raw materials, whether home-

applications for help from the European Social Fund, including approximately £6.3 million for the UK. In the first series, published in June, Britain received £500,000. Among the projects assisted are short courses organised by the Training Services Agency for unemployed people under 19, training projects for former agricultural workers, and retraining for older workers in industry.

The Commission simultaneously announced: four grants for redundant steelworkers in Gartcoch, Port Talbot, Olbury, and Shotton, totalling £214,025; £12,500 from the European Social Fund for a pilot training project for shoe workers at Minehead; a further £12,500 for

training Mirror Group newspaper workers in computer typesetting; and a £450,834 contribution towards five British research projects on the management and storage of radioactive waste.

Finally, on August 2, the European Farm Fund allocated £2,801,978 in 26 grants to Britain for capital investments to improve the processing and marketing of agricultural and horticultural produce. Of the total, more than a quarter was earmarked for Northern Ireland; but the biggest single grant, of £698,250, was for the construction of a pumping station and other drainage improvements near West Stockwith, Notts.



Beyond Lomé

The first EEC-ACP Council met in July

The meeting agreed that six States which had applied for accession to the Lomé Convention should be welcomed. These are: Sao Tomé and Principe, Cape Verde, Papua New Guinea, the Comore Islands, Surinam and the Seychelles. Their accession will bring the number of ACP States up to 52. Negotiations between the European Commission and some of the newcomers will begin soon.

Industrial cooperation

The ACP-EEC Council also set up institutions to fulfil the promise of industrial cooperation made in the Lomé Convention. These institutions will be:

□ A Committee on Industrial Co-operation which will take policy decisions and will be composed of representatives of member States, ACP States and Community Institutions. It will examine all problems concerned with industrial co-operation and submit reports to the Committee of Ambassadors.

□ A Centre for Industrial Development which will carry out the day-to-day task of implementing industrial cooperation and will also draw up programmes for the approval of the Committee.

Trade

As was to be expected, some ACP countries had complaints to make

about the Community's treatment of individual products – particularly sugar, rum, beef and veal, bananas, and groundnuts. Discussions with a view to resolving these differences of opinion will continue.

Stabex

The Council also noted with satisfaction that transfer agreements had been signed between the Community and 16 ACP States involving more than 71 million u.a. (about £40 million) for 1975 (see attached tables). This means that ACP States which have lost earnings as a result of the movement of commodity prices will receive compensation.

Transfers can be requested if an ACP State's earnings from exports to the Community from a commodity included in the agreement fall 7.5 per cent below the reference level. For the least developed or landlocked ACP States the figure is 2.5 per cent. For products to be taken into consideration they must form at least 7.5 per cent of a State's total exports to all destinations during the preceding year. Here again there is a reduction to 2.5 per cent for the least developed and landlocked States.

Breakdown by product of Stabex transfers for 1975

Product	Amount in UAE	%
Groundnuts	6,590,863	9.17
Bananas	1,296,907	1.80
Wood in the rough	31,139,508	43.35
Cocoa	276,978	0.39
Coffee	13,242,175	18.43
Cotton	9,077,108	12.64
Copra oil	615,410	0.86
Raw hides and skins	8,401,981	11.70
Oilcake	1,191,079	1.66
	71,832,009	100.00

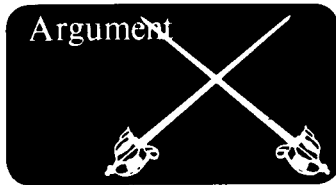
Beyond Lomé

The Council of ACP-EEC ministers which by general consent was a success, is only one aspect, although an important one, of the work being done to implement the Lomé Convention. The relationship between the Community and the ACP States is being extended and deepened by the solving of common problems and practical work. Lomé remains more than ever the most advanced form of cooperation between industrialised and developing countries in the world today.

Transfers to be made for the financial year 1975

Recipient ACP State	Product	Amount of transfer in UAE
Benin*	Groundnuts	464,330
	Coffee	1,174,883
	Cotton	4,299,556
	Oilcake	1,191,079
Burundi*	Cotton	965,602
	Raw hides	520,053
Cameroon	Wood in the rough	3,601,423
	Central African Rep.*	Coffee
Congo	Wood in the rough	7,361,677
	Ivory Coast	Wood in the rough
Ethiopia*		Coffee
	Raw hides	5,080,364
Fiji	Copra oil	615,410
Ghana	Wood in the rough	5,176,408
	Upper Volta*	Groundnuts
Cotton		175,936
Niger*	Groundnuts	5,441,294
	Raw hides	507,747
Somalia*	Fresh bananas	1,296,907
	Raw hides	635,238
Sudan*	Raw hides	1,658,579
Tanzania*	Cotton	1,887,082
Togo*	Coffee	2,680,324
Uganda*	Cotton	1,748,932
Western Samoa*	Cocoa	276,978
Total		71,832,009

*These are among the least developed ACP States and will therefore be receiving non-repayable transfers



Catching tax dodgers

A tough proposal

Tax evasion, now a more serious international problem because of the increasing interpenetration of Community economics and the growth of multinational companies, will become harder if new Commission proposals are adopted by the Council of Ministers.

The aim of the new draft directive is to strengthen and expand the exchange of information and mutual assistance arrangements between member States as far as direct taxation is concerned, although the Commission is now working on proposals affecting indirect taxation, especially VAT. Some parts of the draft directive are already covered by bilateral agreements concerning double taxation. These will not be affected by the draft directive except in so far as the suggested new procedures will be in a Community setting.

Proposals

Because tax evasion is always assuming new forms, the draft directive is itself elastic in application. The proposals fall into two categories:

Binding provisions, which oblige all the member States to observe certain rules concerning the supply of information and the carrying out of enquiries in clearly defined circumstances;

optional provisions for exchanges of information which member States may find useful, and which can be extended in the light of circumstances and experience.

According to the proposal, the competent authority in each member State (the Commissioners of Inland Revenue in the UK) would be under obligation to furnish all information that could help another member State in determining the correct liability for taxes on income and capital including dividends and royalties. This would be done in a regular manner without even being asked for in cases where the tax officials have reason to believe that there may be a loss of tax in the other member country where:

business dealings between persons liable to tax in two member countries are conducted through third parties in such a way that tax saving may result in the original countries;

a tax saving may result from artificial transfers of profits within groups of enterprises;

information transmitted may be relevant in determining the liability to tax in that other member State.

To ensure that the information exchanged remains confidential, the draft directive lays down that it may only be disclosed to those involved either in the assessment of tax or in legal proceedings connected with it.