

Europe 84

No. 3

March 1984



**No more fishing in
troubled waters?**

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A sunny outlook for solar power

While Scotland and the North of England were suffering arctic conditions in mid-January, with deep snowdrifts and people lost in blizzards, a solar energy project was basking in the sun on the South Coast.

On a glorious, crisp winter day it was converting the bright sunlight into electricity, and feeding it into the national grid through the Central Electricity Generating Board's Marchwood power station at Southampton.

Its contribution to the national supply was negligible – sufficient only to run 30 one-bar fires. But the technology behind the project could soon be having a much greater impact on consumers of energy elsewhere in the world.

A quarter of the solar power plant's £900,000 development costs has come from the EEC. Another 25 per cent was contributed by the Department of Industry. Half the money has been put up by British Petroleum Company, who have established BP Solar Systems Ltd to investigate and exploit methods of harnessing the sun's energy.

BP Ventures – the smallest of the oil giants ten main business streams – has had an interest in energy conservation for many years. In 1976, for example, it established a solar heating company in Greece which has been

Helped by funds from the EEC, a British system for harnessing solar energy has started supplying electricity to a power station at Southampton. ROY STEMMAN reports

quite successful, and now operates in Spain and Portugal as well.

Holidaymakers in Greece, in particular, will be familiar with the solar devices which adorn the roofs of white walled holiday villas. The majority are BP's, and they use the heat of the sun to warm water passing through the system.

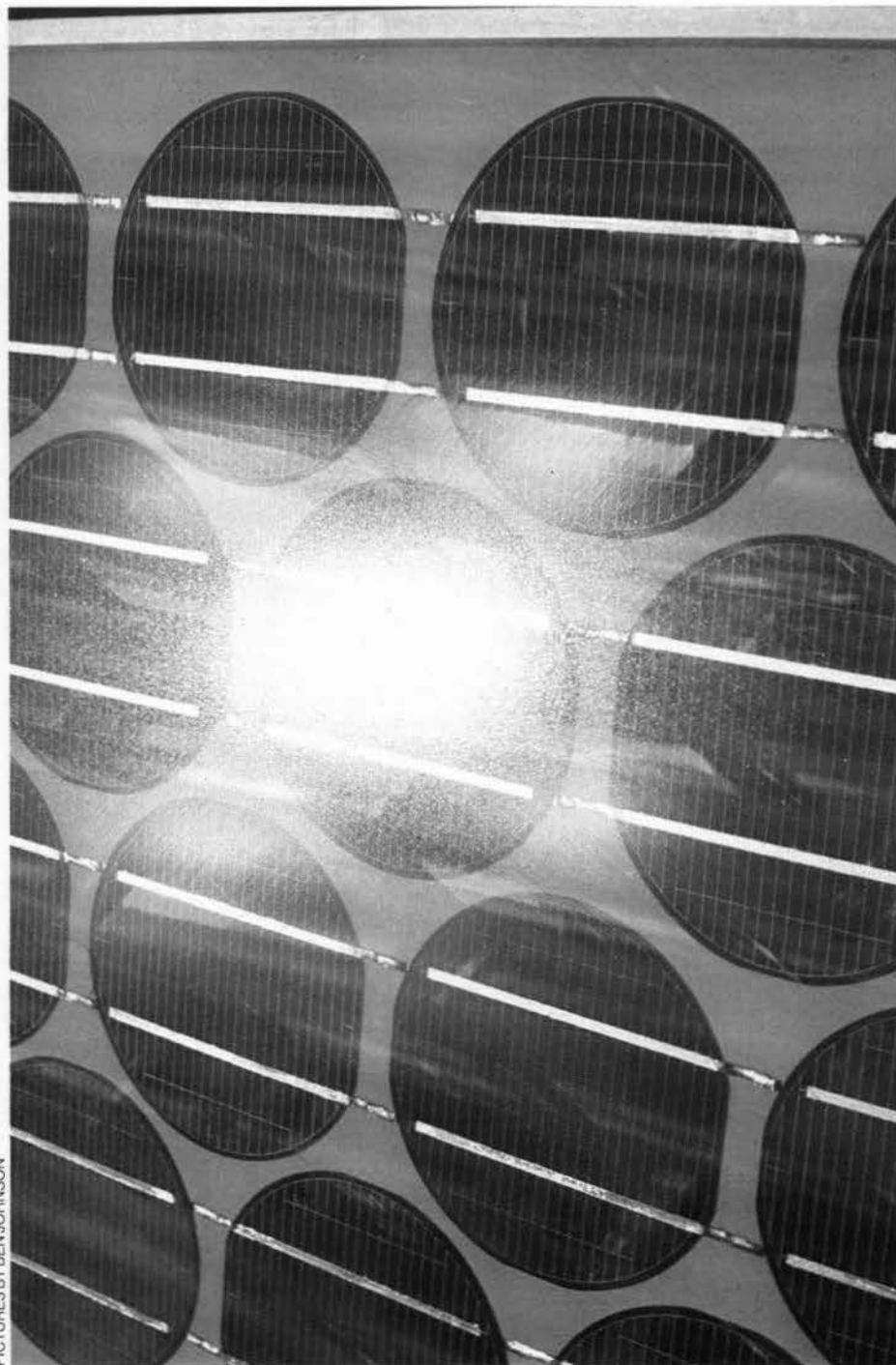
'The Southampton project works on a totally different concept,' says Richard Evans, business development manager, photovoltaics, BP Ventures. 'It converts sunlight into electricity, so temperature is not important. In fact, it works more efficiently in a cool environment. It is called photovoltaics, because the voltage is produced by photon excitation.'

At the heart of the system are silicon discs with just the right amount of impurities to create an electrical potential when sunlight strikes them. They are arranged in groups of 36, vacuum sealed in laminate panels to protect them from the weather (picture above), and linked in a way that taps their electrical potential.

There are 960 of these solar panels at Marchwood, arranged in banks of 16, and they can be adjusted manually to three different angles according to the season.

The EEC's solar energy research and development programme is sponsoring selected photovoltaic power generation pilot projects in Europe, and BP Solar Systems has undertaken to assess the potential for solar power in the United Kingdom. Of the 15 EEC projects, BP's is one of only two that have a major financial contribution from the company involved in the work.

Construction of the solar experiment began in the summer last year, and the plant was commissioned and producing electricity by the New Year. It will have an official opening when the weather provides longer, sunnier days in late Spring – but it is already drawing visitors, particularly from overseas, who are keen to see how the technology might be applied to different operations. Already, the BP



PICTURES BY BEN JOHNSON

solar panels – made at Haddenham, Buckinghamshire – have proved their worth in a unique experiment in Australia.

They were used to power a vehicle on a 4,000 kilometre trek across the continent, setting a new record in economy motoring. Racing driver Larry Perkins of Australia and his Danish partner, Hans Tholstrup, took it in turns to drive the vehicle, which was described by one observer as like a bathtub on bicycle wheels. When they arrived at the Sydney Opera House on 7 January 1983, after a 20-day marathon, they had spent precisely 12p on the solar-powered journey, apart from food and overnight accommodation, and that was the toll for crossing Sydney Harbour Bridge.

'Bright sunlight is converted into electricity via groups of silicon discs, sealed in laminate panels'

A sun-powered family saloon is still a very long way off, but the motoring marathon did demonstrate that electricity from the sun could have some very useful applications.

In the UK, solar power generation on a large scale cannot compete with other energy sources. It costs around 5p to buy a kilowatt

At the heart of the system: sunlight strikes solar cells, activating the process known as 'photovoltaics'.

hour of electricity from the national grid, against £1 for setting up a solar array on a large enough scale to produce and store the power. It is free energy, of course; but the cost of the installation is something between £300,000 and £½ million.

Unless photovoltaic equipment drops dramatically in price or other fuel costs rise steeply, this form of solar power will not be competing with the national grid. What it is already doing, however, is meeting low energy needs in isolated places where it would be expensive to make a connection with the main electrical supply.

The IBA transmitter at Bosinney, Cornwall, is partly powered by the solar panels, and the Forestry Commission in Scotland is also using them. They even work, Richard Evans points out, when covered by snow, because the sunlight can penetrate it and activate the silicon cells if it is not too thick.

'The solar array needs little maintenance, and should give years of trouble-free operation'

But it is in other countries that the BP Solar Systems apparatus is likely to have the most impact. The Third World cannot provide the majority of its population with electricity. They have to generate it themselves. Diesel engines are popular, but their users are faced with the problem of fuel supplies over very long distances and frequently the engines fail through lack of proper service and attention.

The solar array, on the other hand, needs little maintenance and should give years of trouble-free operation once it is installed. There are no moving parts to suffer wear and tear. But, should a panel become defective, it can easily be removed for repair without affecting the running of the system.

'An array the size of that at Marchwood could provide basic light and freezing for 15 to 20 dwellings in the Third World,' says Marchwood's project manager, Rod Scott. 'We believe 120 kilowatts is as big as they are likely to want.'

Smaller-scale applications are already on trial, however. The most important is undoubtedly the solar refrigerator which BP has developed with vaccine storage in mind. It is estimated that 100 tons of vaccines a year are lost through failure to keep them cool, and that is a significant setback for the World Health Organisation's global immunisation programme.

BP Solar Systems' solution is a heavily insulated refrigerator powered by nine solar panels. Each electronically controlled power

system will be tailored to suit the needs of each location so that the vaccine can be kept at 42°C. Field trials are being carried out in Niger, Ghana, Egypt, Kenya and Tanzania.

Meanwhile, back at Southampton, work continues on the project. The EEC has asked for it to remain in operation for five years. During that time the BP team will be looking at new ways of getting more out of the system through electronic control improvements, as well as trying out new technology. The array has been designed so that panels using different cells can be monitored to compare their performance with the rest.

The irony of Marchwood is that the solar panels have been built on an area which was intended to be a coal storage area. The CEEGB's decision to convert to oil-firing boilers during commissioning left the site vacant.

Alongside the panels is another energy experiment which, instead of reaching out to the stars, has been delving beneath the earth's surface. It was discovered in 1981 that the city was sitting on a reservoir of water which, over 20 million years, had been heated to 74°C by natural nuclear power caused by the decay of radioactive materials in the earth's crust. Southampton City Council hoped to be the first local authority to provide heating from natural hot water. It intended tapping the energy source to heat the civic centre, swimming baths and an office and shop development on the Western Esplanade.

But in January it was announced that the mile-deep bore hole had revealed that the reservoir was limited in size by barriers, and that it was probably capable of producing only 10 litres of water a second (half the rate anticipated). Its useful life could be only 15 to 20 years. In view of these findings the original plans have been abandoned, but a smaller geothermal project may still get the go-ahead.

A couple of hundred miles to the west is a geo-thermal experiment, backed by EEC money, which promises a constant hot water supply around the world if long-term trials prove satisfactory. The principle differs from Southampton's scheme, for the Camborne School of Mines' work in Rosemanowes Quarry, Cornwall, is concerned with hot dry rocks into which water is injected and then recovered. The temperature of the water will be governed to a large extent by the depth of the wells that are drilled. But it is known that water poured into the well at 20°C will come back to the surface at 60°C after passing through fractured granite, one-and-a-third miles beneath the earth's surface. That has already been achieved.

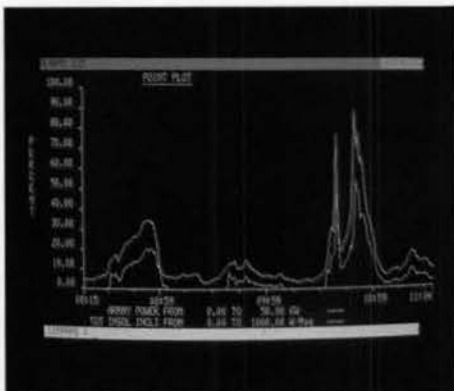
Work started on the project in 1981, and the EEC made a £1.2 million contribution towards the £7.2 million cost of the pilot scheme. The results of the experiment were sufficiently encouraging to persuade the government to give another £11 million to the geothermal project, in June last year, to cover a further three years' research.

The next stage is to drill to a depth of more than three miles. Water passing through the rocks at that depth should rise to the surface as

steam. Before that is achieved, however, the team of scientists has to overcome various problems.

'We have discovered that there is a very marked difference in the stress in different directions,' assistant project manager John Beswick told me. This is having an effect on the geometry of the rocks which are being 'stimulated' – a scientific euphemism for the shattering of the granite into millions of fissures by controlled explosions. A lot of the

'The EEC has asked for the Southampton project to remain in operation for five years'




fracturing has gone downwards and that has apparently caused restrictions between the wells which has lowered production rates.

Drilling has ceased now until July, when work will begin on another well which will descend at a different angle beneath the existing two.

'Rock mechanics is a complex business,' John Beswick adds, 'and you don't get many shots at it. It could be that we are shooting wide of the mark. But the work we are doing here is absolutely crucial and relevant to all dry rocks elsewhere. We have the advantage of having granite on the surface here so we can study it. We have also been studying the effects of our work with sophisticated micro-seismic monitoring techniques, with the result that our knowledge and information is the best in the world.'

If the study succeeds in producing techniques for creating reservoirs of constant running hot water or even steam 'boilers', the next stage will be to harness the heat with power stations that would create electricity – technology that could be suitable for up to 80 per cent of the Earth's surface.

Additional funding for the Cornish attempt to create a natural subterranean heat exchanger is expected from the EEC's geothermal budget later this year. 

An array the size of Marchwood, says project manager Rod Scott (below), could provide 120 kilowatts – enough for local purposes in Third World or isolated communities.

The third time round for Lomé

Negotiations for a third version of the EEC-ACP Convention began last October in Luxembourg, and are now proceeding in Brussels.

The European Community has had a package trade and aid agreement with a group of developing countries (mainly in Africa) since the early 1960s. But the present format was arrived at after the 1973 enlargement, when the pact was negotiated between the Nine, and forty-six countries of Africa, the Caribbean and the Pacific.

This was signed in 1975 as the Lomé Convention, and repeated in 1979 as Lomé II, (with 59 ACP states). The negotiations themselves were long and arduous (more than eighteen months in 1973-5, and over a year in 1978-9), and there is now considerable familiarity with the process; but if this encourages stability, it also can lead to weariness and frustration.

Veterans of both negotiations pointed at the time to the contrasting climate of 1973, when the participants were embarking on an adventure, and 1978, which was an exercise in consolidation, within fairly clearly defined parameters. These arose from the various compromises of Lomé I, not least the geographical compromise in confining the pact to only a part of the developing world.

Lomé II had been the occasion for some ambitious declarations, claiming that the new accord was a model for the new international economic order which in the early Seventies had just become a popular slogan for developing countries. Lomé II suffered from the post-honeymoon depression of Lomé I, when it was discovered that the world had not changed, and the global crisis was in fact getting worse. The internal problems and contradictions of the agreement, by now apparent to the many developing countries for whom it had been a totally new experience, also made for an atmosphere of disillusionment.

It still looked the best agreement of its kind on offer; and although many, including some on the European side, found the Lomé II negotiation an unsatisfactory experience, at the end of the day there was little doubt that a new convention had to be signed. The ACP group includes some of the least favoured countries in the world, and the lifeline offered by the Community is most important to them. For reasons of solidarity, the other ACP countries went along with them.

The rationale of the negotiations in the past has been that, imbued as it is with the optimistic third-world ideology of the Seventies, Lomé was based on the notion of interdependence—the idea that Europe in particular needs the developing countries as much as they need Europe. Given this mutuality and Europe's considerable interest in the Third World, those Third World countries in the ACP group should use the negotiations to test Pres-

Expectations for the third Lomé convention, currently under negotiation in Brussels, are cautiously optimistic, with delicate issues of sovereignty in the background

ident Nyerere of Tanzania's ideas of the 'trade union of the poor', with Lomé as an instance of international collective bargaining.

The only trouble has been that, while in 1975 the ACP, in spite of their lack of homogeneity, were able to show some 'negotiating muscle', in 1979 their divisions became more apparent, except for the brief moment in May 1979 when all but one ACP country temporarily broke off negotiations on the issue of the amount of money available.

There are those who argue that this was because of the structural inequality of the relationship, in spite of the 'partnership' philosophy, and that all the Convention's North-South superstructure is largely illusory and is not what matters in the Convention; but some feel that, with a little more preparation and coordination on the ACP side, there could have been a more genuine negotiation.

It is too early to know how the negotiations for the third Convention may go. They have started more slowly than Lomé II, and expectations that they may end by mid-year are thought to be wildly optimistic. Hopes that they might get down to basics (such as the possibility of a permanent convention) also seem optimistic, and the ACP have so far rejected Commissioner Pisani's proposals for 'policy dialogues' between the Community and individual ACP countries, saying that the idea of discussing *all* a country's development policies touched on sovereignty.

Although in fact the Convention already contains some under-exploited provisions for dialogues, this kind of verbal tennis resembles the way in 1979 the ACP threw back Community proposals for a provision on human rights questions in ACP states. What of the treatment of ACP nationals in Europe, or human rights in that major business partner of the Community, South Africa, it was asked?

The presence of Angola and Mozambique at the conference table for the first time ensures that the growing crisis in Southern Africa, and the difficult choices the Community faces there, should get an even greater airing

'The human rights issue is likely to raise its head again'

in the present negotiations.

The human rights issue is likely to raise its head again, along with many other old predictables: what can be done to make the trade provisions better, especially with regard to the Community's complex rules of origin? Should the Convention not stress trade more than aid? Should not the Common Agricultural Policy take more note of the Community's relations with developing countries? How can the ACP participate more effectively in the working of the European Development Fund without further slowing down its functioning? If there is to be a dominant issue, it will be the oldest of them all—the problem of declining agriculture, especially food production, which has been one of Commissioner Pisani's most insistent themes.

Even the 'jewel in the crown' of Lomé, the Stabex scheme (for the stabilisation of export earnings) started malfunctioning in 1981 and 1982, when it happened that there was insufficient money to cater for all the requirements; and its sister scheme for minerals (Sysmin),

'Everything turns on the question of the money that will be available'

one of Lomé II's few innovations, although it has functioned for two copper-producing countries, is certain to come under fire as inadequate.

There is even more realisation than in the Lomé II talks that everything turns on the question of the money that will be available for the European Development Fund, as well as Stabex, Sysmin and the European Investment Bank. The ACP countries, for the first time, are presuming to suggest that this might be discussed prior to the other headings.

But the Community is unlikely to be moved on this one. Even in the Yaoundé Convention (which preceded Lomé), it was always the last brick in the structure, to underpin all the others. Discussion of it was critical to the final days of Lomé I and Lomé II, even if the Community had first to work out the figure among the member states (a tough enough business, in all conscience) and scarcely even admitted the principle that it was negotiable.

In the present climate of recession in the Community (plus its own aggravated internal crisis), it takes an effort of will to believe that the ten member states are going to be able to conjure up what 64 or more ACP states feel is the necessary flight of imagination to substantially increase the means available, which will not just meet the ACP's own pressing needs, but, they feel, would also be to Europe's advantage.

KAYE WHITEMAN

WESTMINSTER NOTEBOOK

LORD ARDWICK urges the United Kingdom to join the EMS



AFTER THE Community reaches accord on its budgetary problems – this Spring or Summer – Britain will again be pressed to become a *full* member of the European Monetary System.

Britain has, of course, been a partial member of the EMS since it began in 1979. We deposit 20 per cent of our gold and dollar reserves with the System; we are in all the discussions, even those on parity changes. And sterling is in the basket of currencies

known as the ECU – the unit in which the central rates are calculated.

But sterling has coyly stayed out of the exchange rate mechanism. Though the United Kingdom is wedded to the System, the marriage has never been consummated. British governments have agreed in principle that we should join, but only when the time is ripe. They have never said, however, what the test for ripeness should be.

When the question of full membership is seriously considered again, the government will have before it the positive advice of a highly influential committee which has told the government, though in more delicate language, to stop trembling on the brink and prepare to dive in soon. The committee naturally leaves the exact timing to the government, believing 'the balance of advantage lies in early, though not necessarily immediate, entry'.

This was the conclusion after a seven-month examination reached by a sub-committee of the House of Lords Select Committee on the European Communities. Its chairman was Lord O'Brien of Lothbury, formerly Governor of the Bank of England. Serving with him were Lord Cobbold, his predecessor; Lord Croham, former head of the Treasury; Lord Sherson, former joint head of the Treasury; Lord Rotherthall, once economic advisor to the Government; Lord Seeborn, a professional banker who became chairman of Finance for Industry; and Lord Benson, an eminent accountant who advises the Bank of England. Other members of the Committee were experienced in finance and/or politics.

The sub-committee wanted first of all to throw light on the mysteries of the EMS, to discover its real *raison d'être*, to judge its success and guess its future. Would Britain gain anything by joining? What effect would our joining have on the EMS itself? Was it true, as some people said, that sterling as a petro-currency, and also as a much-traded currency, would be doing itself and the other EMS currencies a favour by staying out?

And would short-term, or even medium-term, exchange rate stability really help our traders and investors? Finally – the largest question of all – could EMS become in time the cornerstone of a new world system – the longed-for 'new Bretton Woods' – alongside the dollar and the yen?

The sub-committee put these questions to the Treasury and the Bank of England: to British commercial banks; to the German Bundesbank; and to the Netherlands Bank. They consulted eminent economists, MEPs, the Confederation of British Industry, ICI and Ford. They found impressive witnesses in Professor Thygesen of Copenhagen and of Padua Schioppa, who

'In the House of Lords debate, several members spoke robustly in favour of early entry'

was returning to Italy after serving as director-general of the Economic and Financial Affairs department of the European Commission.

In the report of the Committee (published by HM Stationery Office at £9.90) are to be found not merely the written statements but also the oral questions and answers, couched in ordinary conversational language. It is these which will throw most light on the subject for those who come to it in awe and ignorance.

Treasury and Bank witnesses gave technical evidence, tinged with scepticism. The German and Dutch banks encouraged full participation. But British commercial banks seemed to be indifferent. The three British MEPs, members of the European Democratic Group (Conservatives), were enthusiastic and thought it was time for their group to examine the problem again, now that sterling is down to a reasonable rate.

The answers to the sub-committee's questions were on the whole encouraging. In the House of Lords debate on the report, several members spoke robustly in favour of early entry.

Lord O'Brien said that the EMS can claim modest success: it has survived intact in a period of world-wide economic difficulty, and kept greater currency stability than is evident in the rest of the world, sterling not excluded. True, there have been numerous parity changes, but they have not been large and have been reached after agreement involving some convergence of policies.

Banks may prosper without it. Traders, manufacturers and exporters need it more. It provides a nucleus of stability in a world context, and thus may contribute in the end to the return of world-wide stability in exchange rates.

Sterling is a petro-currency, with its rate more dependent on the US dollar than are the other EMS currencies. But this is less important now that there is reasonable stability in the oil market. As for the fear that entry might hamper the present Government in its internal policy objectives, particularly monetary policy, other Community countries do not find that a stumbling block.

Two former Treasury Ministers, Lord Lever of Manchester and Lord Barnett, both Labour, were for entry. Lord Barnett is not confident of our doing a great deal to achieve essential economic co-operation even *inside* the EMS: 'I am sure that *outside* we can play *no* part.'

Three peers twitted the Government on its stipulation that the time must be ripe when we join the Exchange Rate Mechanism. 'Are not present conditions acceptable?' asked Lord O'Brien. 'Your lordships' Committee believe that they are. Does it make sense to wait for the perfect moment which may never arrive?'

Lord Bancroft, a former chief of the Civil Service, said: 'We are in danger of becoming the high priests of the doctrine of Unripe Time.' And Lord Sherfield gave the doctrine as described by the Cambridge scholar, F.M. Cornford: 'People should not do at the present moment what they think right at that moment, because the moment at which they think it right has not yet arrived.'

□ Lord Ardwick was a member of the House of Lords sub-committee. In the nominated European Parliament he was rapporteur on economic and monetary union and the EMS.



BEN JOHNSON

Plainer sailing for the Fisheries Policy

The Community's fisheries policy was finally put on to a firmer footing last December, when the member states agreed, after lengthy negotiations, on a complex long-term system to determine national shares of herring catches in the North Sea.

Catch quotas for all other types of fish had been settled on 25 January, 1983, when the Common Fisheries Policy (CFP) was adopted after six years of tough negotiation. But, until December, the absence of an agreement on herring had prevented full implementation of the rest of the policy.

Now, however, it should be possible for the Community fishing industry, which employs 160,000 people at sea alone, to put behind it long years of uncertainty over future catch possibilities and make the plans and investments which should increase profitability, improve job security and in the long-term boost supplies of fish from the Community's own fleet.

Already the policy is showing signs of settling down to a steady rhythm, with the Commission, before the end of last year, presenting its proposals for catches in 1984. The total catch of any species may vary from year to year, according to marine scientists' analyses of the stock; but the share allocated to each member state remains constant, in line with the pattern established under the CFP.

This framework will apply until 1993—and,

As the new fisheries agreements settle down, the Community has the opportunity to regulate and manage some of the richest fishing grounds in the world

unless adjustments are thought necessary, could be extended for a further ten-year period beyond that.

The share of catches earmarked for each country is based largely on traditional fishing patterns during the mid-Seventies, although account is also taken of the losses suffered by the British, German and French fleets when they lost access to distant fishing grounds following the introduction of 200-mile exclusive economic zones after 1975 by Iceland, Canada, Norway, the United States and the Faroe Isles.

When the EEC itself adopted a 200-mile zone in 1976, the need for a common policy to

'The share of catches is based largely on traditional fishing patterns'

regulate Community fisheries became even more apparent. Although Norway, Sweden, the Faroe Isles and Spain have maintained limited access to what is often known as 'the Community pond', many other foreign fleets, particularly those from the Soviet bloc, were henceforth excluded from the zone.

The EEC was thus offered a unique opportunity to regulate and manage some of the richest fishing grounds in the world. With its centralised legislation it had a much better chance of success than previous international initiatives to control fisheries. At the same time, efforts to manage this common resource would prove the Community's ability to take collective decisions.

That kind of management is already beginning to pay off. As long ago as 1977 the Community agreed to ban all herring fishing in the North Sea, when the stock seemed in danger of being wiped out entirely by overfishing. Since then a spectacular recovery has taken place. The limit on catches in 1983, following the re-opening of the fishery, was set at 84,000 tonnes. This year, however, the limit will probably be proposed at over 150,000 tonnes, with further improvements expected in the future.

It was this expected improvement which allowed the ministers to agree in December on a special sliding scale for herring catches: as the quantity of fish available grows, a greater share will be allocated to countries such as

'Fish stocks can be managed by regulating the mesh size of fishing nets'

Denmark, where there is both a ready market and available fishing capacity.

In future, it should be possible to apply the same strategy to other species, thus consolidating the stability which is one of the fundamental aims of the CFP.

However, the CFP involves much more than quotas. Fish stocks can also, for example, be managed by regulating the mesh-size of fishing nets, stipulating minimum sizes for fish that can be sold, or by limiting fishing in breeding areas.

Moreover, it was recognised at the start of the CFP negotiations that conservation measures and quotas alone would not be enough to safeguard the viability of the fishing industry. With the help of Community finance, therefore, the CFP should also be able to speed up the restructuring of the industry, which was made necessary after the distant water fishing grounds were lost in the late Seventies. Also, more emphasis could be placed on the EEC's own fishing grounds. With soaring fuel costs these fishing grounds closer to home had, in any case, become more attractive.

For 1983-85, 250 million ECUs have been set aside for these structural improvements. Some of this will be used to subsidise the scrapping of the distant water fishing boats which are not suitable for operating in the EEC zone. Other funds will be awarded as grants towards the construction of new vessels or the modernisation of existing vessels (even before the CFP was established, the EEC had partially financed the construction or modernisation of nearly 1,000 boats between 1979 and 1982).

This kind of spending should help to assure the future of the numerous isolated rural communities in Europe which are heavily dependent on fishing. Every job at sea creates 4-5 more jobs on land in netmaking, boatbuilding, processing, distribution, etc. In addition, these areas are guaranteed preferential treatment under the quota system - Scotland and North-East England, Ireland and Greenland all benefit from this policy, which dates back to an agreement reached in 1976.

Money will also be allocated to experimental programmes in fish farming, in both fresh and salt water. High-value species are particularly suited to this kind of production, which in recent years has attracted increasing international attention as a major potential source of food. Financial backing is also available for experimental voyages to explore new fishing grounds or under-exploited resources. Subsidies can also be given to trawler owners who enter into joint ventures to help third countries develop their fishing industries.

Closer to home, the CFP is making an important contribution towards stamping out

13-MAN INSPECTORATE TO KEEP WATCH

By Easter, the Community's own long-awaited fisheries inspectorate force should be operating at full force. The thirteen-man team's main responsibility will be to ensure that the member states' own fisheries inspectors are going about ensuring full implementation of the CFP in the best possible way.

To do this, two of the Commission inspectors will be sent off intermittently for one-week visits to the member states, where they will accompany national officials as they go about their work of checking that fishermen and producers organisations comply with Community rules on fishing

gear, fish sizes and quality, etc.

The scheme costing 500,000 ECUs a year, should help to encourage the application of similar standards throughout the Community, thus putting an end to fishermen's fears that rules applied in their country can be easily circumvented in another member state.

However, an indirect benefit from the inspectorate will be the direct contact that will be established between the Commission and the fishing industry at local level, helping the Brussels authorities to form a better impression of how the fishing industry is developing under the new policy.

one of the problems which have troubled fishermen for many years - the risk of a slump in prices, caused either by the arrival in port of too many vessels at the same time or the scarcity of ready buyers.

This could once turn many days' hard work into a financial disaster; but fishermen are now being actively encouraged by the Community to form regional producer organisations, with the help of funds from Brussels. These bodies can organise their members so that supplies are more closely tailored to demand, and at the same time are responsible for administering

the 'withdrawal prices' set each year - the price paid by the EEC to fishermen if there are no better offers from buyers.

Under some circumstances, subsidies are also available to the producer organisations to process and freeze the fish until the glut has passed, thus avoiding wasting valuable fish. The amount of fish withdrawn in this way is only a minute fraction of the 3.3 million tonnes caught in Community waters each year by EEC vessels, whose incomes are also protected by a system of 'reference prices', which prevent cheap imported fish from undermining prices.

But the CFP is by no means a closed book. Within the EEC, for example, increasing attention is now being focussed on the fishing industry in the Mediterranean, while at international level closer ties are being forged with third countries. Mutual agreements already govern catches of stocks managed jointly with Norway, Sweden and the Faroes, and a long-term agreement with Canada provides the Community with fishing rights in the North-West Atlantic in return for preferential access to the EEC market for Canadian exports of frozen cod.

Further afield, fishing rights have been acquired off West Africa under agreements which will help countries develop their own fishing industries. So far, agreements have been concluded with Senegal, Guinea-Bissau, Guinea, Sao Tomé, Equatorial Guinea and the Seychelles.

However, the first major hurdle for the CFP will come during the accession talks with Spain and Portugal. The Spanish fleet alone is equal in size to the combined fleets of Britain, Germany, France, the Netherlands, Belgium and Denmark, and it too has had to undergo massive restructuring in recent years, causing considerable social problems in some areas.

If those negotiations are successful the Community can look forward to the challenge of managing the world's largest single market for fish and some of the world's most richly stocked fishing grounds, on which nearly 300,000 fishermen are dependent for their livelihood.

HOWARD SMITH

'The CFP is making a contribution towards stamping out the risk of a slump in prices'



Opposite and above: dockside scenes at the fishing port of Grimsby.

One man's hopes for a European Youth Theatre

AS Michael Croft sees it, the idea for European Youth Theatre came directly as a result of the many tours that the National Youth Theatre has done in Europe, starting in 1959, when he took a company to Holland which had a knockout success with *Hamlet*.

Theatre history takes strange turns: it happened to be an all-male cast, and the Ophelia of that production, he recalls, was Hywel Bennett, who is now starring as Shelley on BBC television. When they took the same production to Paris they had another success. Some of the headlines still stick in Michael Croft's mind: 'Ophélie - Lui Ou Elle?' and 'Ophélie Comme Scrum-Half'.

'Since then,' Michael Croft says, 'we have taken companies abroad nearly every year. We had big successes in Holland in 1966 and 1969, and at the Berlin Festivals in 1961 and 1968. These successes in Europe had a great effect on me. I was always being asked by Dutch, German, French people to help them set up Youth Theatres of their own.'

'The Dutch, in fact, tried, and the Germans also tried. I went over several times to help, but for one reason or another it didn't seem to work. There was plenty of enthusiasm. But maybe one difficulty was that what is usually meant in Europe by Youth Theatre is what we would call Children's Theatre: professional companies playing for children. That goes on in most European countries, and very good some of it is, too. But it's a very different thing from what we mean by Youth Theatre.'

'When the Germans tried it - I think in Cologne, ten years ago - they did all the right constitutional things, and got all the right people and organisations involved. But it was quite obvious it was not going to get off the ground, because there were too many people involved. In addition, it seemed to me that the hand of authority was upon it, that it was going to be circumscribed by lots of rules and regulations laid down by the adults - and that is not the way, to my mind anyway, to capture young people.'

'One reason why we have been so successful in Britain is because the restraining hand is held very lightly indeed, and that we try to keep a sort of discipline, by literally putting people in a position of trust. They're expected to do the best they're capable of on stage, but

'Everyone seemed to be convinced that there was a case for proceeding'

they're also expected to do the best they're capable of in their social behaviour. And that imposes obligations.

'The result is that I very rarely have to step in and crack the whip. It's pretty well unknown in the Youth Theatre. In Germany they had a different approach, and maybe that's why they made no headway.'

'Since then, I don't know of any progress generally in Europe, although I was told at a meeting in London that I shall come to in a moment, by the Belgian representative, that there is a lot of activity in his country - he was organising a festival to which he wanted me to come.'

'When we last spoke on the subject nearly three years ago I said I wanted to 'test the water' for the idea of European Youth Theatre, and I am very grateful to George Scott of the Commission, who instantly responded and initiated a meeting in London. It took place last year, and a number of European representatives came.'

'This was a solid group to start with, and we wanted to sound them out - see if there was any enthusiasm for the idea and if they were prepared to support it.'

'I felt we had to tread very carefully, because we were dealing not only with theatre ideas but national attitudes also, differences of philosophy, differences of temperament, as well as differences of *understanding*. But at the end of the day there was no doubt of the general enthusiasm for taking the next step forward. Everyone seemed to be either totally or partially convinced that there was a case for proceeding - the question was no longer about whether, but *how*.'

'What was also agreed was that to create something of a European nature, whatever form it might take, it must be concerned with standards - there would be no question of simply getting up jamborees for young people just to go and have a good time. There would be no point, unless there was going to be a definite educational benefit. Also, very good from my point of view, they all agreed that there should be an underlying concern with social awareness, and that the object of the exercise was also to increase understanding between the young people of the countries involved.'

'These philosophical principles having been agreed, that left two big remaining questions on the table. First, how does one combat the language difficulty? Second, what sort of programme could be devised that would be of general interest and value to the Common Market countries?'

'Now, the first thing to be said about the language difficulty is that in Britain we are not best placed to give a lead - for the simple



MICHAEL CROFT OBE, in a report on the National Youth Theatre of Great Britain in this magazine in November 1981, suggested that if someone were prepared to fund and support this zestful and successful enterprise, then its influence could spread in Europe. This extension of the work of the NYT - of which Michael Croft, its founder, has been the driving force for over 30 years - could lead to the formation of a European Youth Theatre, on the lines of the successful European Youth Orchestra.

Since then, things have moved on. Thanks largely to the generous sponsorship of the oil company, Texaco, the NYT are currently installed in new premises near King's Cross station. There are plans for five major productions, three studio productions, and eight courses for young people.

They are also going into the video field for the first time, with a production of *Hamlet*, having already made *Good Lads At Heart*, one of their outstanding stage successes by Peter Terson. Texaco are sponsoring a playwriting competition with £6,500 worth of prizes; and there will be a summer school for American students in the 15-20 age group.

The idea of a European Youth Theatre has taken a new turn, encouraged by the European Commission in London. It has crystallised into a separate entity, and has come to exercise a strong hold on Michael Croft's imagination. It is a vision in which he deeply believes, as he explains in this interview with Jack Waterman.

reason that, regrettably, very few people working in the English theatre are capable of speaking coherently, still less thinking, other than in their own language for any length of time.

'I would put myself in that category. I can cope to a degree in French, but I wouldn't be happy to be working unaided in French. And my German is not usable. I think this applies

to most of us British, and because of that disability I think we may regard the language problem as greater than it really is. It's a great problem for us, but I don't think it's as great for many Europeans.'

That, Michael Croft believes, is one disadvantage for English people working in the theatre. Another disadvantage, compared with those working in the theatre on the continent, and perhaps for similar cultural reasons, is that the English are not well equipped with a knowledge, or breadth of interest, in European theatre.

'We are not well up in Molière, or Ibsen, Strindberg, Schiller or in any other European dramatist—in the original, that is. We can take Shakespeare abroad and play it in English, and have very keen young audiences watching. But if the Comédie Française bring Molière over to us here, they will get a sophisticated theatre audience, or perhaps a student audience—but they will have to fight for it.'

'I think that we British are really uneducated, generally, in European theatre. Obviously, it's our loss. For all these reasons, I came to the conclusion that, if we are going further along the road—or *when* we go further along the road—towards a European Youth Theatre, it should have a genuine European to run it.'

It came to him very strongly, he says, that whoever is at the helm should have at least two languages other than his or her own, and will need to know European theatre from the inside rather than looking at it from across the

'I would favour a combination of public performances and workshops'

Channel. 'That, I think, was what I learned from our first meeting—an important discovery, really, because I then began to think about the kind of people we should be looking for. Indeed, looking at my own role, I see it as trying to get the thing off the ground, trying to give it a bit of momentum, and trying to instil into the people that are interested the right ideas.'

'So, returning to the language problem, I think that can be solved by imagination, and by sensitivity towards other people's problems. There are other ways of dealing with it. One is that the Youth Theatre of Europe would run on the basis that, in any one year, it would feature a particular language, with plays and speakers in that language, so that participants from other countries would have to be aware of the need at least to cope in that language—and that awareness would be one of the yardsticks for selection.'

'That way of dealing with it would rule out the idea of interpreters, who not only cost money but take up a lot of time. And there are other ways beyond that.'

So what is the next step? 'Well, what the meeting came down to was that we should set something up for 1985, aiming to have some

gathering of representatives, with some production at the centre of it, some manifestation in two years' time, preferably in Brussels, because the Belgian representative offered his venue for something to happen there, with facilities, and possibly financial aid—and also because 1985 is to be the International Year of Youth, under the auspices of the United Nations.'

'This would be not on a large scale, but a festival representing four or five countries as a try-out. And, if it can be achieved, I would favour the proposal of the German representative at the London meeting, Dr Linke, who suggested that each country bring a presentation, fully prepared, by a group to be performed in public, with time available for the groups to mix and have workshops together.'

'More important in the long term, this is the kind of annual gathering that I would favour anyway, achieving a combination of public performances and workshops to which leading members of the profession would contribute.'

More immediately, what Michael Croft is seeking is a further meeting, preferably in Brussels, where there is known to be strong interest. He would hope this can shortly be set up. And, if funds and facilities are available, the venture could go ahead for 1985.

He concludes: 'What I would emphasise most strongly is the importance of the role of the Commission. As long as it is prepared to take the lead, then I think there's a very good chance that the European Youth Theatre will get off the ground.'



Two of the National Youth Theatre's much-acclaimed productions: 'Hamlet', in a performance in Paris, 1960, and 'I Get Along Without You', staged in London last year.

Can France's presidency find a way through?

In an interview with France's agriculture minister, Michel Rocard, journalist Lindsay Armstrong raises the issues which will be thrashed out at this month's Summit meeting in Brussels

What are you going to do to try and unblock the Common Agricultural Policy, and what are your deadlines going to be?

ROCARD: It is now going to be possible for Agriculture Ministers to discuss the agricultural aspects of reform of the EEC. A lot of work has already been done since the European Council in Stuttgart. But a number of issues require further investigation to illustrate the necessarily global nature of the Common Agricultural Policy. Up to now, all the measures proposed have been discussed separately, without taking into account their impact on agriculture as a whole. The Agriculture Ministers can now do this. We will also have to assess the margins for financial manoeuvre associated with each possible solution. Agriculture Ministers could therefore try to reach agreement in those areas in which an agreement would seem possible to them at their level. Then they will have to put the alternatives before the heads of state and government: it will be a difficult and lengthy business.

Would the European Council in March be a good time to negotiate on the future of the CAP? If so, what are the essential points on which it should decide?

The Brussels Summit on 20 March will mark an important moment in the negotiations for the reform of Europe. At least, that is the hope and intention of the French presidency. We do not need to ask the Heads of State and Government to decide everything, down to the smallest technical detail – that is not what Summits are for. The Community expects the Heads of State and Government to provide clear policy guidelines on the main points under discussion aimed at reforming the Common Agriculture Policy.

What are the changes that seem to you essential?

I am not sure that the CAP can accommodate changes in one or other specific area. Given the situation in which we find ourselves at the moment, we need to consider the whole policy to define guidelines for the future of European agriculture. This overall perspective seems to me absolutely vital if we are to put the CAP back on a firm footing. Once the guidelines have been drawn up, we will need to fix ways of stabilising dairy production, finding a method adapted to the particular situation in each country, whilst respecting the overall Community framework. Cereals policy will also have to take into account the new realities of the market, as well as the need for differentiated intervention according to the quality of the cereals.

An external agricultural policy must also be agreed, because at the end of the Seventies we became surplus producers of most products. The policy must first of all make the United States realise that it is no longer the only major agri-food power on the world market. Finally, the general crisis in public spending will force us to adopt a pluri-annual review of spending which will allow us to monitor the development of the CAP more rigorously.

Because of budgetary constraints, for the first time Agriculture Ministers are confronted with a lack of funds, which will affect agricultural prices. Does that seem to you inevitable? What will be the consequences, and what are the alternatives?

It is true that the EAGGF was forced to stop payments at the end of last year. It is also true that the beginning of 1984 will be marked with daily difficulties in the running of the CAP. I think that, during this difficult period, all the member state governments will have to be kept closely informed about developments in

the situation. I believe that the existing circumstances required even closer cooperation between the Commission and the member states. We have a common interest in avoiding a deterioration of the climate in the agricultural sector, that might jeopardise the chance for changes in the CAP. I therefore want to avoid extreme or hasty measures that would exacerbate an already difficult situation for the sake of a few million ECUs.

Of course, the situation will reflect how agricultural prices develop. The debate will be very difficult this year: one need only look at the proposals made by the Commission to appreciate just how difficult.

Given the market support now acquired for the wine, fruit and vegetable sectors, are there still 'agricultural' obstacles to Spanish and Portuguese membership of the Community?

As far as enlargement is concerned, nothing is fixed: the adoption of the 'fruit and vegetable' regulation will allow us to open negotiations under the best possible conditions, because Mediterranean production is now covered by some sort of market organisation. But I would say that everything remains to be done, because we have yet to engage in real negotiations. Negotiations will involve fixing the vital safeguards needed for enlargement, the number, length and nature of transitional measures, the maintaining of export timetables, etc.

Enlargement will not be undertaken to the detriment of the interests of southern agriculture, and I will personally supervise both the diplomatic negotiations and the efforts to prepare the regions concerned. As you see, the task remains a vast one and the main problems have yet to be solved. They will be the subject of negotiations between the Community and our Spanish friends. □



Michel Rocard, left, greets his opposite number from the Federal Republic of Germany, Ignaz Kiechle, at a meeting in Brussels.

EUROFORUM

A big future for tourism, says Contogeorgis

We have made considerable progress towards creating a Community tourist policy, according to Giorgios Contogeorgis, the Commissioner responsible for transport and tourism. He was speaking after the successful conclusion of the Community's first-ever Council of Tourism Ministers, which took place in Athens last November.

The Commission has had to resort to every means of persuasion available to overcome member states' reservations that a Community tourist policy might interfere with policies planned at national level. But Mr Contogeorgis is very clear on this point: 'The Community has no intention of replacing national policies. The Commission simply believes that certain policies could be best undertaken at Community level to strengthen the development of tourism in Europe,' he says.

At the Athens meeting, the Community's ten tourism ministers, who were there at the invitation of the Greek Presidency, unanimously approved a Council resolution accepting Commission proposals that will provide a framework for the development of a Community tourist policy, and asked the Commission to come up with detailed proposals on the various themes. According to Mr Contogeorgis there are a number of priority areas that require immediate investigation. These include the various barriers encountered by European tourists inside the Community.

'The Commission believes that it can contribute to the removal of a number of irritating obstacles encountered by travellers in Europe,' says Mr Contogeorgis. 'Not just delays at border con-

'Tourists must be offered improved protection against poor service and deceptive advertising'

trols, but also the major problems that still exist in the transport sector. The insufficiency of infrastructures is manifest. The gaps can be filled in a number of ways, including the Community's Regional Development Fund (ERDF), the European Social Fund (ESF), which can train people for jobs in the tourist industry and the agricultural structures section of the EAGGF, which can promote tourism to complement agricultural activities in rural areas.

'Conditions essential to the development of tourism, particularly in poor and mountainous regions, can be improved through the use of these instruments. A certain amount has already been achieved in the field of free circulation of tourists, but much remains to be done, particularly in terms of their protection. Tourists must be offered improved protection against poor service and deceptive advertising.

'Hotel safety must also be improved,

including the training of staff in fire prevention techniques and regular checks by specialist personnel,' he says.

The Council of Tourism Ministers subjected the Commission proposals (on the removal of obstacles to tourism) to minute scrutiny and recognised that national infrastructure programmes were insufficient. But Mr Contogeorgis says that there is another major obstacle that must be removed - the high cost of transport.

This, he says, is becoming increasingly exorbitant and is now almost a luxury. 'We do not intend to take up the issue with national carriers, but since Community competition rules are not applied in this sector, we believe that a system should exist by which prices would be more transparent and set at levels in keeping with market conditions,' he says.

So how serious is the Community's interest in tourism? 'There is no doubt about the sector's potential to become one of the Community's most important economic activities,' says Mr Contogeorgis. 'One only needs to look at how much Europeans spend on tourism to be convinced. It accounts for 7 per cent of total consumption and 4 per cent of Commu-

ON THE LINE

Outlining its proposed work programme on air pollution for the coming year, the Commission emphasises that its third action programme, adopted in February 1983, stresses the preventive approach and the need to integrate environmental protection into energy, industry, agriculture, and transport policies.

One directive has already been submitted to the Council. It proposes prior authorisation of industrial plants and the use of advanced technology to combat industrial pollution. A second is planned which would reduce noxious emissions.

The Commission says it will appeal to all member states to make full use of existing legislation to control local sources of pollution. In the first six months of 1984 it will also lay down limits for the sulphur content of gas-oil; present an extended directive on the use of fuel oils to reduce sulphur emissions; propose limits on pollutant emissions from burning of used oils, which will indirectly promote recycling of used oils; and come up with a comprehensive package to reduce emissions from certain types of motor vehicles. This last package will also deal with the lead content of petrol.

'We should concentrate on staggering holidays, protecting our heritage, and promoting social and rural tourism'

ity GDP. Tourism inside the Community accounts for over 50 per cent of total spending and over 60 per cent of receipts. The United Kingdom, France and Denmark break even, the Federal Republic of Germany and the Benelux countries run a deficit and Greece, Italy and Ireland are all in surplus.

But what do the figures mean? 'One cannot exclude the possibility that soon we will be talking about flourishing "units of production"', says Mr Contogeorgis. 'Although tourism has tended to stagnate a little in recent years, there has not been the sort of slump encountered in industry. Overall, the tourist sector is not facing real problems of unemployment. But the Commissioner believes that the adoption of protectionist measures could pose a real threat to tourism that must be avoided at all costs. 'The structure of tourism-related jobs could also be improved through a harmonisation of training and mutual recognition of qualifications,' he says.

The Community can therefore assume an active role in the development of tourism in the member states. A favourable environment in which to develop demand for tourist services must also be created. But the Commission is committed to respecting national policies in the sector, given that they are adapted to the specific conditions prevailing in each member state, according to Mr Contogeorgis. He believes that we should concentrate efforts in specific priority areas, such as a staggering of holiday periods, the protection of Europe's architectural heritage, and the promotion of social and rural tourism. 'We will not be satisfied,' he says, 'until a far larger proportion of Europe's population has sufficient means to become a tourist.' The Commission therefore feels that it should concentrate on certain social groups, in particular young workers and pensioners.

In reply to the critical question as to what chance of success the Commission proposals have, Mr Contogeorgis refers to the Council mandate. 'Unanimous support for the proposals means that a Community tourism policy has been automatically set in motion. In itself that is a major success. The Athens decision has set the ball rolling. And I be-

lieve that we will not be slow to present detailed proposals for all the areas which we would like to see strengthened.

I do not think that serious differences will arise in the foreseeable future. Again I must emphasise that it is not our intention to replace national policies, or to play off national and Community activities against each other. We are all agreed on what tourism is about. Our aim is to improve services and, above all, to give tourism a human face, in other words to make it safe and accessible for everybody.'

Mr Contogeorgis says that particular attention should be paid to questions of social security and the protection of tourists. People insured under the social

security system in their own country are entitled to health care in other member countries that they visit.

This is a considerable bonus for tourism inside the Community. But the existence of the policy is not widely known, and many tourists never get around to collecting the required form from their local social security office, and fail to take advantage of the system.

There is also another reason behind the Council's swift approval of the Commission's proposals – the 'imminent threat' to tourism from third countries. Mr Contogeorgis says there is currently a net flight of European tourists to third countries. Europe's reply should be a European Tourist Policy, he says.

ANDRE DELIYIANNIS

Ups and downs of the Ten's export performance

In keeping with the great mercantile traditions of the past, the ten European Community countries have remained one of the world's great trading blocs and the world's largest exporter of manufactured goods. But the existing situation provides little in the way of grounds for optimism. Selling is no longer enough. It is also necessary to know what to sell – and that is the Community's weakest point.

The Community's technological backwardness has caused it to lose ground in the vital capital equipment sector. Member states are increasingly tending to export fewer machine tools, and to import more from abroad. This development is worrying for two reasons. Firstly, a decline in capital equipment, representing high technology, implies a loss of contact with innovation. And secondly, capital equipment creates the industry of tomorrow, in that it serves to produce other goods. Exports, therefore, influence the structure of future production and of competitiveness.

The decline registered by the Community in this sector has coincided with the growth in trade between the member states and the United States and Japan. Since the 1973 energy crisis, trade between the three major industrialised blocs has increased steadily. Between 1973-1981 foreign imports as a proportion of GDP rose from 11 per cent to 16 per cent in the EC, from 6 per cent to 10 per cent in the USA and from 10 per cent to 14.6 per cent in Japan.

The growing domination of world trade by the Big Three reflected a change in trading patterns that was

'Decline in exports of capital equipment implies loss of contact with innovation'

largely caused by the oil crisis. Before 1973 the growth of world trade was largely confined to the developing world and the COMECON state-trading countries. The recession has created such severe competition in the market-place that all but the strongest have now been excluded.

Europe's commercial instincts have not deserted her over the past ten years. On the contrary, as the Community's export figures show, between 1973-1981, despite low growth rates, the Community succeeded in increasing its exports by 4.9 per cent a year – 1 per cent more than the USA, but 3 per cent less than Japan.

Statistics show that Community trade is weathering the crisis. But what exactly are Europeans selling and buying? The first striking factor is the relatively stable composition of Com-

munity exports. For the past twenty years capital equipment has represented about 50 per cent of total exports, intermediate goods such as steel and chemicals 25 per cent, consumer goods 15 per cent, and agri-food products 10 per cent.

This rigidity of composition, however, cannot be regarded as a positive sign. Although it is remarkable that Europe was exporting such a high volume of capital equipment in the early 1970s, one must ask why it has not increased, given that Japan and the US have been concentrating their efforts on breaking into foreign markets, particularly in the high technology sector. The Ten's imports confirm this impression. Over the past few years European imports of capital equipment have increased from 23 per cent to 33 per cent. The United States has experienced a similar trend, with figures rising from 41 per cent to 45 per cent. But in Japan they only increased from 12 per cent to 16 per cent. Possibly by coincidence, this trend emerged at a time when the level of investment in the EC countries was falling from 22.4 per cent in 1973 to 19.9 per cent in 1981.

It is important to emphasise why a country's capacity to export, or need to import capital equipment, is important. Capital equipment is the power-house behind industry. The country that is forced to buy it from abroad is, in a certain sense, betraying its inability to control its own future.

On the other hand, a country capable of selling it abroad shows that it has its competitors 'well in hand'; it knows that they are lagging behind, and that they are not going to overtake it.

In 1964 the world market for capital equipment was divided into two parts: the European Community controlled 44 per cent and the USA 33 per cent. By 1970 a third partner had appeared. Now the EC has 36 per cent of the market, the US 26 per cent and Japan 25 per cent. Furthermore, the Europeans have not only suffered a setback on third markets, but also on their own ground. The level of penetration of Community markets (ie the percentage of imported foreign capital equipment) increased by 5 per cent between 1975-1980 to reach 13.5 per cent.

The decline of the Community in the capital equipment sector is largely due to a fall in German competitiveness vis-à-vis Japan and - to a lesser extent - the United States. Since the creation of the Community, the Federal Republic has always been Europe's leading producer of capital equipment, and its decline has reflected on the whole of the Community. The Federal Republic's technology

'Germany has been mustering its forces to make up for lost time'

lag can probably be attributed to its relatively late introduction of new micro-electronics. Recently, however, it has been mustering its forces to make up for lost time and the results are beginning to show, notably in new production processes in the car industry. Unfortunately, the lag is so considerable that it will need more than the Federal Republic alone to compensate for the shortcomings of the Ten as a whole.

The areas of production in which the Community has beaten a retreat on world market are self-evident. They include four major categories of goods representing about 80 per cent of all trade: electrical goods (mass consumption electronics), office machinery (information technology), agricultural and in-

dustrial machinery (machine tools and robots), and cars. In all four areas Japan has made huge advances.

The reasons behind Japan's success in these sectors are clearly related to organisational factors in a number of areas, including funding, public administration, and industrial structure. This has allowed an influx of risk capital into innovative sectors. Japan's lack of skilled labour to produce industrial machinery in the early Seventies probably also played an important role in opening the way for automation, robotics and micro-processors.

But it should not be forgotten that the Community is still the world's largest exporter of machine tools - the most important strategic product of all. It would therefore be an exaggeration to suggest that Europe's technological backwardness is insurmountable. It remains to be seen whether the Ten will choose to take advantage of their Community status or face the struggle on a one-to-one basis.

FREDERICO SCOTTI

'A milestone' says Haferkamp as tariff barriers come down

The largest free trade area for industrial goods in the world was created on 1 January, when virtually all remaining tariff barriers and quantitative restrictions between the European Community and the European Free Trade Association (EFTA) countries were abolished.

With their 312 million consumers, said European Commission Vice-President Wilhelm Haferkamp in a statement to mark the occasion, the European Community and EFTA already form a bigger market than the United States and Canada taken together. Accession to the EC by Spain will add a further 38 million consumers (Portugal is currently an EFTA member), and the free trade area created will then comprise the whole of Western Europe in a European free trade zone.

Describing this as a 'milestone', Mr Haferkamp pointed out that, in 1972, when the EC signed free trade agreements with EFTA countries, 'voices on

'We have achieved our goal against all protectionist tendencies'

both sides expressed doubts on the wisdom of such a vast undertaking', adding: 'If we could have foreseen the depth of the recession which began when the ink on the agreements was scarcely dry, we might never have come this way.'

But, he continued, wise counsels prevailed. 'We have been able to achieve our goal against all protectionist tendencies, and in spite of serious difficulties in some sectors of our industry, such as paper, steel and textiles.'

'The results of cooperation between the EC and EFTA countries beyond the trade aspects of the free trade agreements also deserve congratulations,' said Mr Haferkamp. 'This has created a network of cooperation, consultation and contacts going further than with any other industrialised partner,' he added.

The network now includes a wide range of areas, from consumer protection to telecommunications and the environment, together with a multiplication of contacts in the framework of international organisations such as GATT and the OECD.

'Finally, regular Ministerial talks have provided a further valuable opportunity to extend our cooperation into the political field with those EFTA partners who so wished,' Mr Haferkamp said.

Fight against yellow fever

The Commission is joining forces with the World Health Organisation (WHO), to help combat an epidemic of yellow fever in the African state of Ghana.

Emergency aid of 500,000 ECUs is being sent to finance a mass vaccination programme.

Around 2.8 million people will be vaccinated under the government scheme, which is being supervised by the World Health Organisation.

The Commission's response comes after a direct appeal for help by the Ghanaian government following the outbreak of the disease, which has already claimed many victims.

Top of the hops

Animal-loving British Euro MEP Stanley Johnson wants the Community to ensure kangaroos stay top of the hops down-under.

After successfully campaigning for a Community-wide ban on seal skin imports – a move strongly backed by the Commission – he is now urging the protection of the *macropodidae* family – which includes kangaroos and wallabies.

The Commission is being urged to investigate the legal and illegal methods employed in killing the animals by Australian hunters, and if a trade ban on kangaroo products is advisable as a consequence.

Commercial 'harvesting' of kangaroos – mostly for pet food – still continues in five Australian states – Queensland, New South Wales, Tasmania, South Australia and Western Australia, Mr Johnson points out in his motion to the Parliament.

Where are they now?

Community Foreign Ministers are being urged to trace Europe's missing World War II soldiers in the Soviet Union.

The fate of tens of thousands of soldiers from Community countries captured by the advancing Red Army over 40 years ago is still unknown, a group of Italian Euro MEPs stress.

A formal approach should be made by

the EEC Council of Ministers to the Soviets, in a bid to settle the issue, say members Giorgio Almirante, Antonio Buttafuoco, Francesco Petronio, and Pino Romualdi.

The MEPs also demand the setting up of a special Red Cross investigation committee to examine the situation.

Record year for the Social fund

Youth training and job boosting programmes form the key spending areas for the Community's final shareout of the 1.8 billion ECUs Social Fund for 1983.

The fund – up by 23.5 per cent on the 1982 allocation of 1.5 billion ECUs – is playing an increasingly important role in the Community's battle to overcome the present jobless crisis in Europe.

A major effort was launched in the final allotment of cash aids, with over 724 million ECUs to help women, young people and the handicapped in each member state.

The Commission also singled out the recession-hit textile sector for a further injection of social fund cash 8.4 million ECUs, in recognition of the serious impact the jobless crisis has had on this area of Community industry.

Job training and work aids for young people receive the bulk of the final funding from the 1983 kitty – over 545 million ECUs.

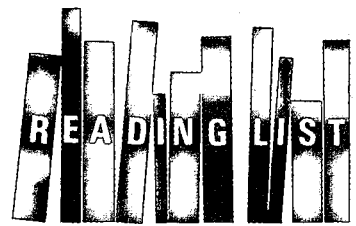
Social affairs commissioner Ivor Richard emphasised that the Social Fund's aid for 1983 represented the largest ever granted by that Community source.

EC-Andean Pact agreed

The Community and the Latin American Andean Pact have completed negotiations for the first ever cooperation agreement between the two parties.

The five-year agreement is designed to provide closer trade and economic relations by encouraging industrial, scientific and technical cooperation between the two regions. It also contains measures to promote and diversify trade to the mutual benefit of both sides.

A Joint Commission with representatives from the Community and the Andean Pact will be established to monitor application of the agreement.



The Common Market: ten years after. Edited by C.D. Cohen. Philip Allan, £6.95 (paperback)

A collection of papers by academic economists reviewing the experience of British membership of the European Community during the past decade, offering proof, according to the editor's introduction, 'of the essential narrowness of the Chicago tradition'.

The Operation of the European Social Fund. By Doreen Collins. Croom Helm, £12.95

An account, taking the United Kingdom as an example, of how effectively the Social Fund operates within the wider aspects of Community policy. Convention

A Guide to European Community Grants and Loans, 4th edition. By Gay Scott. Eurofi (UK), 25 London Road, Newbury, Berks RG13 1JL, £35.00

An enlarged and expanded update, of a detailed and exhaustive reference book covering a vital area of Community policy.

Continuity and Change in France. Edited by Vincent Wright. George Allen & Unwin, £17.50 £18.00.

Informed essays on the impact of France's new government and its policies, indicating continuity as well as new internal policies.

Soviet Strategy towards Western Europe. Edited by Edwina Moreton and Gerald Segal. George Allen & Unwin, £17.50.

Academics and specialists assess the extent of the supposed threat to Western institutions posed by Soviet political and economic designs.

Community action to save our wildlife

What do lady's slipper, the fen orchid, the otter, the forest dormouse, the common tree frog, the minnow, the white-headed duck, the corncrake and the black grouse all have in common? Answer: they are among the surprisingly large number of plants and animals which, in the not-too-distant future, may disappear from Europe.

They figure in a photographic exhibition currently being held at the Institut Royal des Sciences Naturelles de Belgique, in Brussels, focusing on the European Community's contribution to the protection of nature.

With public attention concentrating on problems of acid rain, lead in petrol, or dangerous waste, it is easy to overlook the Community's wide-ranging measures for nature conservation.

For example, the Community has found itself at the centre of a worldwide controversy concerning its decision to ban imports of skins and products derived from baby harp and hooded seals. That measure was modelled on an earlier successful ban on whale products, designed to influence a cutback in whale-hunting by closing the European market.

Monitoring international trade in certain species of wild flora and fauna has led to over 60 countries ratifying the Washington Convention, limiting or outlawing the hunting and killing of such endangered species as the gorilla, the cheetah and the alligator. All EC member states are signatories. The Community applied to become a signatory at the Botswana meeting in April, 1963. Belgium, whose annual wildlife trade is estimated at 30 million dollars, ratified the Convention on 1 January 1984, when the EC's own regulation on international trade in endangered species of wild fauna and flora came into effect. The EC regulation goes further than the Washington Convention by 'upgrading' some species considered to be in greater danger of extinction, and adding new ones not formerly listed.

But the Community is not only concerned about exotic species. It is already a signatory of the 1979 Berne Convention on the Conservation of European Wildlife and Natural Habitats, and to the Bonn Convention on Migratory Species. It also commissioned a study from the UK Nature Conservancy Council (NCC) on threatened species of wild flora and vertebrate fauna in the EC, as guidance for possible action.

Of the 11,000 plant species native to the EEC countries, almost 2,000 are threatened

Economic and tourist pressures are taking a heavy toll of wild creatures and their habitats all over Europe. The Community has its own protective regulations, and has taken legal action against member states who infringe them. But is this enough?



EDWARD STAMP

According to the study, the greatest threat to survival of European species is posed by tourism, both inland and in coastal areas. This, together with agriculture (wetland drainage) and urbanisation (weirs and dams built to regulate water levels) cause a greater pollution burden and disturb, if not destroy, deciduous and coniferous woodlands, calcareous grasslands, heaths, moors, mudflats and sand dunes, rivers, streams, ponds and lakes. For example, half the 204 bird species breeding in the UK are dependent on woodland. Since 1946, between a third and a half of Britain's ancient forest has been lost.

Hunting and trapping increase the pressure on animal populations. Thirty-one of the 86 species of wild mammal found in the Community are in danger of extinction, and 15 are threatened. They include the wolf, the brown bear, the European mink, the otter, the lynx, the beaver, the red deer and the chamois. Bats, which make up over 30 per cent of indigenous terrestrial mammal species in the EC countries, are all more or less threatened, and are protected throughout the Community except in Southern Belgium and Northern Ireland.

Of the 11,000 plant species native to the EC countries, almost 2,000 are threatened to

some degree. The same applies to all 111 EC breeding species of reptiles and amphibians.

Birds are doubly exposed to the threat of extinction, says the NCC. Some species have declined at an alarming rate. The male tetrax population, native to the Hautes Fagnes region of Belgium, fell from 200 to 45 in ten years. The peregrine population of West Germany declined from 400 in 1950 to 30 in 1980.

The NCC recommends that another 53 species be added to the endangered list of the EC birds directive which came into force in 1981. It bans all forms of netting and trapping, as well as the collection of eggs and nests of 74 species of wild birds such as petrels, herons, falcons, gulls, terns, the kingfisher and the woodpecker. It also calls for the preservation of their habitats by the creation of protected areas, in particular wetlands. However, derogations in the interests of air safety, damage to crops and livestock, protection of flora and fauna have permitted loopholes.

In addition, national legislation (or lack of it) in certain countries, such as Belgium, France or Italy, has allowed hunters to open seasons early, even turning a blind eye to the hunting of listed species. The European Commission has been forced to enter into legal proceedings against all ten member states for faulty application of the directive.

The directive also requires member states to collect information for an inventory of protected areas. These are divided into Zone I - which allows no disturbance by humans at all - Zone II, where certain economic and social activities are permitted, as long as they are compatible with the maintenance of the habitat. The Commission has also classified important bird areas such as the Carmargue in France, Texel, in the Netherlands, and the Gran Paradiso in Italy. The proposal to map out the ecology of the Community should also play an important role.

The Community has also taken steps to save the Mediterranean monk seal, one of the oldest and rarest seal species, whose plight is particularly urgent. In 1978 the world population numbered one thousand animals in all, living largely in small colonies off the Greek Dodecanese and Northern Sporade islands.

But pressure from tourists has forced the monk seals off the sandy beaches that were their natural nurseries, into cramped caves where they risk drowning at high tide. Stocks were weakened even more by interbreeding and marine pollution. In addition, it is suspected that the high PCB (polychlorinated biphenyls) content of sea water is taking its toll of female seal fertility. Stocks have also been decimated by angry fishermen, whose nets have been damaged by seals in search of food.

In 1982 the Community made 10,000 ECUs available to the Greek government, to make a start on saving the monk seal, and also granted 100,000 ECUs towards the setting up of a marine park. Talks are also currently underway between the European Commission and the Greek government, to release a further 450,000 ECUs from the Community's environment fund to save the species. ☐

Where the Ten's money goes

The Commission's auditors have published their annual report on the financial management of the Community. The report, which contains criticism and suggested reforms, is always of key interest to officials in Brussels, particularly at a time when almost every area of major Community finance is under revision.

Top of the auditor's list is the Common Agricultural Policy, which still absorbs about 70 per cent of the budget and is aimed at improving productivity and stabilising markets and farmers' incomes. The auditors criticise the 'dispersion of financial responsibilities', the 'administrative burden', and the 'poor system of management' at local level.

According to them, the policy could save money by strengthening producer co-responsibility, limiting guarantees, improving price differentiation, operating a system of Community preference in certain sectors and reforming the system of 'green' currencies. 'Better results could be obtained with the funds currently being spent,' they conclude.

The European Regional Development Fund (ERDF), which is designed to correct regional imbalances, would also be more effective if concentrated in priority areas. Programmes currently submitted by member states are too vague, says the report.

The European Social Fund, created to improve job opportunities for workers in the Community and contribute to improved living standards, also comes in for criticism. More precise objectives should be defined and better coordination of national and Community measures achieved, say the auditors.

European Community development aid has also failed to live up to expectations, they claim. Developing nations are not becoming integrated into the world economy, and problems such as desertification and soil exhaustion remain unsolved.

Are you sitting comfortably?

Demand for porcelain sanitary fixtures in the Community has collapsed since 1978, forcing manufacturers to cut production from 428,808 tonnes to 381,693, according to figures published by the European Commission.

Cheap imports from Hungary and Czechoslovakia, 'dumped' on the EC market at roughly half the Community cost price, have practically doubled. In the Netherlands their share of the market rose from 5.7 per cent to 16.2 per cent.

An anti-dumping investigation mounted by the European Commission at the instigation of EC producers has now put an end to the trend. Firms in both countries have agreed to bring their state-controlled prices into line with those of lavatory manufacturers in the West.



Greeks take a liking to Scotch

The long-held Scottish belief that the nectar drunk by the Greek gods on Olympus was in fact whisky, has received a rude jolt with the emergence of a Euro-Greek whisky confrontation.

Since Greece joined the Common Market in 1981, her whisky imports have soared, to the detriment of distillers of local brews such as ouzo and Greek brandy. Last February the European Commission gave the Greek government special permission to limit imports until the end of 1984.

However, the Commission is now to investigate a variety of other complaints about Greek controls. These include high profit margins, minimum pricing requirements, credit restrictions, the periodic withhold-

ing of licences necessary to obtain foreign exchange, and ribbon stamps that have to be fixed to bottles of whisky sold on the Greek market.

Whisky distillers have also prevailed on the Commission to tell the French government that its ban on the advertising of alcoholic drinks, including whisky, is incompatible with Community law on the free circulation of goods and should not apply to imports.

Italian whisky drinkers will be pleased to know that the Commission has also condemned the disproportionately high rates of VAT and excise duty on whisky charged by the Italian authorities.

Standing up for the rights of the sick

The sick are individuals with a right to know, to choose and to decide their own fate. That is the message of a European Patients Charter which has been drawn up by a Committee of the European Parliament to define patients' basic rights.

The charter, compiled for the Parliament's Public Health Committee by French Liberal MEP Marie-Jane Pruvot, is based on a variety of moral codes drawn up since 1945. They include the Geneva Declaration (1948) and the International Code of Medical Ethics, which was agreed in London in 1949. A Declaration of Patients' Rights has existed in the United States since 1972. If the European Charter is approved, it will fill a gap in European legislation, according to the Parliament's Legal Affairs Committee.

The text testifies to a number of fundamental rights: the right of every citizen to good medical treatment; the right to choose where to be treated and by whom; the right to know the doctor's diagnosis and the proposed treatment; the right to see one's own medical file, and the right to accept or refuse treatment.

Under the charter, patients' histories would be confidential, and private life and religious convictions respected, if need be before the courts. And every individual has the right to 'die with dignity', it claims.

However, in practice problems can arise. A shortage of medical facilities can affect the quality of treatment, and treatment cannot be guaranteed if the patient is in a country other than his own. Choice of a doctor is also difficult in a number of European countries.

In emergencies, patients often do not have the opportunity to refuse treatment or indeed to consent to it. Medical confidentiality is also a complex issue - access to medical files is often vital to advances in medical science.

According to Marie-Jane Pruvot: 'In certain well-defined circumstances it may be necessary to violate patients' rights, when they are against the general interest.' Children and the mentally handicapped would, of course, be excluded from the Charter.



Poll backs a cleaner Europe

Up to 80 per cent of Europeans are seriously concerned about world environmental issues, although most are relatively satisfied with their own immediate environment, according to an opinion poll just published by the European Commission. They all share the view that the environment must be protected at any price, including economic growth.

Of the 9700 Europeans questioned, 45 per cent said that they had no complaints about their local environment. The remainder cited a list of ills including: destruction of the countryside, noise, air pollution, a lack of green areas and farmland and polluted water.

Two factors were central to their replies: where they lived and in what sort of house. Two-thirds of people living in the country and 42 per cent of those living in small towns were utterly unconcerned about the environment. Similarly, 66 per cent of people living in farms or isolated houses, and over 50 per cent of people living in detached or semi-detached houses, had no complaints. On the other hand, only 28 per cent of people living in large towns and 22-25 per cent of flat-dwellers were happy about the situation.

The Danish, Irish, British and

Dutch are generally more complacent about the environment than the Italians, Germans, Greeks and Belgians. In Luxembourg people are very concerned about air pollution and the destruction of the countryside. In France, people are mainly concerned about the disappearance of farmland and the deterioration of rural areas.

As far as world environmental problems are concerned, almost everybody questioned showed an interest. Only one European in ten couldn't care less. Among the problems listed were: damage to marine life and beaches caused by oil pollution, and how to dispose of chemical and nuclear wastes. Other issues included air pollution and changes in climate caused by carbon monoxide from car exhaust fumes.

People in the Netherlands, the Federal Republic of Germany, and Italy are the most concerned about environmental problems. The least concerned are the Irish and the Belgians. The Dutch are primarily worried about pollution from neighbouring countries and chemical wastes, while Britain's main worry is what to do with the nuclear wastes.

Overall, women are slightly less concerned with major environmental problems than men, preferring to concentrate on local issues. For individuals, environmental concerns tend to gradually increase up to the age of fifty and then to decline. Level of concern is also dictated by education, income and political beliefs.

Europe is producing more oil

Despite the spectacular growth of production, Europe remains the world's largest oil importer.

Oil consumption in Europe rose steadily until the first 'oil shock' in 1973. In 1953 liquid hydrocarbons only represented 18.4 per cent of energy consumed in the original six member states. In 1963 it had increased to over 44 per cent and by 1973 it was accounting for 64.7 per cent of energy consumption in the Six and 62.2 per cent in the Ten.

In 1973, on the eve of the first oil crisis, the EC countries imported 98 per cent of their oil needs. Ten years later, because of a combination of energy saving and new discoveries, imported oil is accounting for 74 per cent of total oil consumption.

The discovery of oil in the North Sea has meant that the Community has become a major producer. The United Kingdom accounts for the

bulk of production. In the space of ten years it increased from 0.3 million tonnes in 1972 to 102 million tonnes in 1982. The Netherlands is the second largest producer, followed by the Federal Republic of Germany. Major external supplies include Saudi Arabia and, to a lesser extent, Libya, Iran, Iraq and the United Arab Emirates.

Oil prospecting is currently under way in a number of areas in Europe. Recent discoveries include wells in the Danish North Sea, off the South coast of Ireland and in the Federal German sector of the Baltic.

MEPs hanker after old-style medical care

Should we give up modern drugs and revert to the herbal potions of yesteryear? According to a small group of Euro-MPs, the answer is that we should.

Herbal cures are becoming popular again in Europe, and consumers are increasingly turning to plant-based medicines, homeopathy and other natural remedies.

According to the MEPs, we should give up the use of modern drugs with dangerous side-effects for the treatment of minor ailments, and take advantage of the medical, social and economic benefits of alternative medicine.



Curbing the 'barbarian invaders'

Euro-MPs have called for urgent measures to curb football hooliganism, following rioting by British fans in Luxembourg last November.

Thirteen fans were charged before Luxembourg courts, ranging from wounding with a knife to petty

theft, and were duly sentenced to prison terms.

Describing the fans as 'a new barbarian invasion', MEP David Curry said that their behaviour was 'a discredit to British national life'.

Socialist and former British Cabinet Minister Barbara Castle described the riot as 'shaming'. 'We will do anything in our power to stop this sort of thing happening again, not only in Luxembourg, but anywhere that English soccer fans go abroad,' she said.

European Parliament Vice-President Nic Estgen, who chaired the debate, condemned the riot in terms of cost and the number of people injured, but denied that Luxembourgers would judge British sportsmanship on the actions of a minority.

Possible sanctions against known soccer hooligans, currently under consideration in Europe, include the withdrawal of their passports to stop them travelling abroad to international matches.

Workers' co-ops boost jobs

Mass unemployment sometimes brings out surprising entrepreneurial flair, according to a recently published European Commission report on the contribution of local employment initiatives to job creation in Europe.

Local initiatives have created an estimated one million jobs in recent years, half of them in cooperatives, and the number is growing. About 85 per cent of people employed in them were previously unemployed, according to the report.

Over the past five years the number of cooperatives in Europe has risen from 6,500 to nearly 14,000. The number of people working in them has increased from under 300,000 to 540,000.

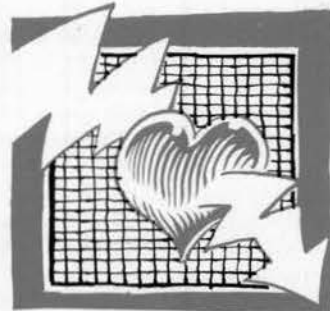
Local initiatives, worker cooperatives and similar schemes are playing an important role in the fight against unemployment. Their biggest contribution is in providing additional jobs for disadvantaged groups including women, young people, the disabled and immigrants, particularly in depressed areas.

As a general rule, the schemes are launched exclusively with local funding and involve craft industries, light engineering, agriculture, forestry, aquaculture, tourism, recycling or restoration work. But small firms created at local level

often suffer from a lack of expertise and untrained management. To help create lasting jobs they need support in the form of training, according to the Commission.

Among its policy guidelines, it emphasises the vital role played by local authorities in terms of management training. Funding for the schemes must also be increased, it says.

The Community should offer support primarily through the European Social Fund and the European Regional Development Fund, as well as providing a forum for the exchange of information, says the Commission.



Fewer heart attacks, say doctors

Heart attacks are still the most common cause of death in Europe, accounting for nearly one out of every two deaths. But the increasing incidence of heart disease, recorded in the Sixties and early Seventies, has declined significantly, according to the European Society of Cardiologists.

Doctors say that the trend, which was first observed in North America, has been more marked in the Community countries than in Scandinavia or Eastern Europe, and can be partially attributed to changes in diet. We are smoking less and also consuming less in the way of dangerous animal fats and salt, they say.

The incidence of death from heart disease in Europe varies widely in different member states, according to the World Health Organisation. Coronary thrombosis is by far the most common cause, the highest incidence of it being found in Denmark. Scotland has the second highest rate, followed by Ireland, England and Wales, Belgium, Italy, the Netherlands, the Federal Republic of Germany, France and Luxembourg. Greece has the lowest incidence.

TRADE AND
THE TEN

China opens up prospects of a trading partnership with Europe



DICK LEONARD,
Brussels correspondent of
'The Economist', reports on
signs that the Chinese
government is ready to upgrade
its trade relations with the
European Community

With the EEC, however, there are no such problems. It is not a military superpower; it poses no conceivable threat to China; either directly or by proxy through Taiwan; and there are no important political issues outstanding.

This happy state of affairs might not continue indefinitely. If Mrs Thatcher's tricky negotiations with the Chinese over the hand-over of Hong Kong in 1998 were to go sour, or if the EEC were to take as close an interest in human rights in China as it does in the Soviet bloc, a certain cooling off would be inevitable. Yet for the moment, at least, there is little sign of this and the barometer is set fair. In so far as any two important groupings may be said to have a trouble-free relationship, it is China and the EEC.

It has taken nearly a decade for even the present degree of contact to build up. The first formal step occurred in November 1974, when the Community sent a memorandum to the People's Republic, indicating its readiness to conclude a trade agreement. Six months later, in May 1975, Sir Christopher (later Lord) Soames, then vice-president of the Commission with responsibility for external

relations, visited China for talks with the then prime minister, the late Chou-En-lai.

Two months later negotiations began for a trade agreement, culminating in an official signing ceremony in April 1978. Meanwhile, in September 1975, the first Chinese ambassador to the EEC was appointed. His successor today heads a mission staffed by more than 20 diplomats — one of the larger representations in Brussels.

The 1978 trade agreement was for five years, but provided for a tacit annual renewal thereafter unless either side gave six months' notice of its intention to annul the agreement. Under the agreement, the two parties applied most-favoured-nation treatment to each other's products, while since 1980 China has benefited from the EEC's Generalised Preferences Scheme. She has thus been able to benefit from tariff-free entry for a wide range of goods. Altogether, 90 per cent of China's export trade to the EEC was liberalised.

The effect of the trade agreement, plus a separate agreement on textiles in 1979, was that trade expanded rapidly, quadrupling over ten years. Even so, it remained tiny compared to the overall level of world trade. By 1981 China ranked only as the European Community's 25th largest export market and 35th most important supplier.

Moreover, after 1979, when China embarked on a programme of retrenchment, entailing a rash of cancellations of major capital projects, many of them undertaken by EEC engineering groups, there was a sudden cut-back in Chinese purchases. Happily, however, this was but a passing phase, and from 1981 onwards sales began to pick up, especially after the highly successful EEC-China week in Brussels in July 1981, when 100 top Chinese decision-makers, led by vice-premier Gu Mu, met with representatives of 427 leading European firms and banks.

Last year's surge, however, in which Chinese purchases of machinery, steel, grain and sugar all increased, was on an altogether different scale. Together with the increasing programme of energy co-operation, and the growth of education and scientific exchanges, it could foreshadow a period when China and the EEC become major trading partners.

Political co-operation, in which the Chinese are also currently showing a keen interest, is, as yet, in its infancy. But there seems little doubt that, for the time being at least, Deng Xiaoping and his colleagues have picked on the EEC as their most favoured interlocutor in the outside world. □

The Chinese politbureau is a disciplined body, and news of its decisions seldom leaks out unless there is an official attempt to publicise them. Nobody in the West knows, therefore, when or how it was determined to step up imports sharply from the EEC.

Yet when sales were totalled up for the first six months of 1983, it was discovered that they had increased by no less than 63 per cent over the equivalent period of 1982.

This was far more than the overall expansion of Chinese imports (estimated at 7.3 per cent), and left no doubt that a deliberate choice had been made to favour the EEC as a supplier.

Equally, when Commission President Gaston Thorn visited China last November, his reception greatly exceeded his expectations. He had lengthy and cordial talks with Mr Deng Xiaoping, as well as the president, prime minister, foreign minister and the foreign trade minister, Mrs Chen Muhua.

The immediate outcome of these talks was less than earth-shaking. The Community offered, and China accepted, a special aid package of 6 million ECUs earmarked for technological assistance for agriculture and food processing. The EEC also agreed to provide 3.5 million ECUs towards establishing a centre for management training in Peking, which will be linked to business schools in Britain, France, Germany and Italy.

Yet the impression was certainly created that the Chinese felt that the time had come for a significant upgrading of their relations with the Community, and not only on trade matters.

From China's viewpoint such an opening makes evident sense. Despite the relative thaw in their relations with the Soviet Union, the Chinese are light years away from the closeness of their ties before Mao-Tse-tung's break with Krushchev in the late 1950s, and they have no desire at all to return to the dependent status against which they then rebelled. And the honeymoon with the United States, under President Nixon, is long since over, being replaced by a wary manoeuvring in which self-interest is constantly juggled against national pride.

Trade between China and the EEC

	In millions ECU						
	1973	1975	1979	1980	1981	1982	1983*
EEC imports	544	688	1320	1907	2284	2334	2556
EEC exports	607	1154	2104	1734	1894	2045	2710
Balance	+63	+486	+784	-173	-390	-289	+154

Source: EUROSTAT.

*On a yearly basis (first six months' figures only available.)

Can we get a fairer deal from Japan?

Below the surface of the Community's relations with Japan there runs an undercurrent of resentment at the ways in which Community exports are still being kept out, while aggressive Japanese assaults on the Community's home

markets continue. The Japanese, it is being said, do not believe that trade is a matter of give and take – only of take. How the Commission is tackling this situation, and trying to improve business relations with Japan, is the subject of this special report.

Beneath the Community's relations with Japan runs an undercurrent of differences over trade. The question is, will the two trading partners be able to withstand protectionist pressures and stand by the undertakings given at the Williamsburg summit?

Sadness and concern: those are the words with which Gaston Thorn, President of the European Commission, described his feelings about Japan's ferocious export push. Japan estimates that its trade surplus with the European Community will be around \$10 billion for 1983. European estimates give even greater cause for alarm, with talk of a trade deficit running to at least \$12 billion. During the first eight months of 1983, Japan's trade surplus registered 8 per cent growth, and the Community felt its patience being sorely tried.

Europe gave a cautious welcome to the recent trade liberalisation measures announced at the end of October. Nor were they won over by Mr Yasuhiro Nakasone's claim that 'the Japanese Government intends to do more than simply open up the market, it will actively encourage imports'. Today, good intentions are no longer enough. In the words of Mr Frans Andriessen, speaking in Osaka on 21 October, what we need now is to see a visible improvement in our foreign trade figures.

Despite the undertakings given by Tokyo, the Japanese market remains an almost impregnable fortress, and European exporters find the way in strewn with obstacles. To put it

'Despite undertakings given by Tokyo, the Japanese market remains an impregnable fortress'

in a nutshell, Japan possesses a daunting arsenal of defence measures, as witnessed by the length of the catalogue of misfortunes presented by European businessmen.

But the final mortification for Europeans was seeing a multi-million-dollar contract slip through their fingers when Japan passed up the economical and profit-earning European Airbus in favour of nine Boeings bought from the US. The general feeling in Community circles was that Japan Air Lines' decision not to buy Airbus left a nasty taste in a lot of

mouths. Little wonder that the prevailing mood is one of disappointment.

At the same time, Japanese exporters have begun to step up their pressure on the European market. Over the last ten years, Japan has increasingly been taking the lion's share of Japan/Community trade. EEC imports expanded from 1,900 million ECUs in 1970 to 17,950 million by 1982. In contrast to that, Community exports to Japan rose only from 1,392 million ECUs in 1970 to 6,307 million in 1982.

However, the Community is less concerned with the size of its trade deficit with Japan than with the fact that it is structural. The fiercely competitive Japanese are beginning to seriously affect sensitive sectors of the European economy. Japan's export trade is pin-

pointed on a narrow range of product lines – principally electronics and transport equipment.

The Ten have made a series of attempts to get the Japanese to curb their export drive, most notably in the form of the high-level consultations which have been going on between the Community and Japan since 1973. To judge by recent results, however, these have not met with the success hoped for. When the rumblings from Europe get too loud, Japan gives a little ground and makes a few concessions, such as lowering customs duties on chocolate, increasing the pigmeat quota, and opening the door a crack by simplifying its administrative procedures. In the eyes of the French government, however, these concessions still fell short of what was required, and



The World Trade Centre towers over the Hammamatsu district of Tokyo.

in 1982 it ordered all imported video recorders to be cleared through customs at inland Poitiers.

To all appearances, the message struck home. In February 1983, Wilhelm Haferkamp and Etienne Davignon, vice-presidents of the European Commission, returned from Tokyo with firm undertakings from the Japanese authorities. The gist of these was that Japan agreed to restrict its exports of video records to Europe to 4.55 million, and would also hold down its sales of a number of 'sensitive' products.

The end of 1983, however, saw European hopes dashed once again. Despite the promises, Japanese exports to the Community market had actually increased over the year. Imports of certain products under surveillance (principally cars and quartz watches), moreover, had expanded appreciably over prior-year figures.

The whole tenor of the relationship began to change. In an interview with the Japanese business daily, 'Nihon Keizai Shimbun', Gaston Thorn warned that the problem had begun to take on a 'political dimension'. The Community authorities, he said, were preparing to draw the necessary conclusions, and attitudes were beginning to harden. And he himself was beginning to wonder 'how, in the present state of affairs, we can manage to keep in check the protectionist pressures from the member states of the Community?'. In the eyes of Mr Frans Andriessen, responsible for European competition policy, the growing trade imbalance 'brought grist to the mill of those clamouring for a return to protectionism, and represented a threat to free trade'.

As things stand at the moment, Japanese precepts of free trade appear to be strictly one-way. With a population of 118 million, Japan imports no more than does Switzerland, with its population of 6.4 million and a GDP one-tenth that of Japan. With a national average of \$224-worth of imported manufactured products per capita, Japan ranks next to last

'With a population of 118 million, Japan imports no more than does Switzerland, with a population of 6.4 million'

among OECD countries as an importer.

This is not a recent phenomenon, however. In 1960 Japanese imports of manufactured goods accounted for 2.4 per cent of GNP – by 1981, they still accounted for only 2.5 per cent. In other words, despite the trade liberalisation measures, imports have remained virtually constant over the last two decades. The comparable figures for the Community over the same period are 3.3 per cent in 1960 rising to 5.7 per cent by 1981.

According to Jan Brinkhorst, head of the delegation of the Commission of the European Communities in Tokyo: 'In one sense, Japan is displaying all the signs of economic nationalism. In other words, there is a strong tendency to try and go it alone in all directions.' Japanese industrialists work to the principle that if a commodity is not absolutely essential (such as raw materials and energy resources) it should not be imported.

While the average level of Japanese customs duties is much the same as that of the United States or the Community itself (in a bracket of 4 to 6 per cent), there are marked discrepancies in individual sectors. Japanese customs duties tend to be low in areas where they have little or nothing to fear from foreign competition, and much higher in sectors where Japanese industry lacks a competitive edge, such as the leather industries, footwear, furs, processed agricultural products. European exporters who are competitive in these fields therefore experience the greatest difficulty in breaking into the Japanese market.

The problems faced by European exporters are compounded by quota arrangements, extended and exacting testing procedures, standards certification, hair-splitting and a complex wholesale-retail distribution system. The Community position on the Japanese market is further weakened by foreign investment restrictions and operating difficulties encountered by foreign banks, not to mention the less visible obstacles arising out of the close interconnection of industry, financial circles, the distribution network and certain government departments in Japan.

Since 1981, Europe has made repeated approaches to the Japanese authorities to secure a genuine opening-up of the Japanese market to Community exports. The Commission remains firmly resolved to maintain and develop fair and open multilateral trade arrangements. Relations between the EEC and Japan should not, therefore, be confined to the current trade dispute. The European solution for further strengthening the links established (not, perhaps, before time) between the two partners is openness and cooperation.

The most innovative initiative to improve Europe's position on its Japanese export market was taken by the European Commission in 1975 – the launching of its first export promotion programme (EXPROM). This was a planned, dynamic measure combining 18-month training courses for young European executives with business promotion exercises targeted at specific sectors. The programme is

jointly organised by the Directorate-General for External Relations of the European Commission and the Commission Delegation in Tokyo, and makes optimum use of the expert advice available from business circles in the member states via the input of national chambers of commerce in Japan.

Also since 1979, the chances of European exporters have been given an appreciable boost in the form of some 8.75 million ECUs of assistance from the Community budget. The regular increases in the budget for the four successive programmes speak volumes for the importance of what is at stake: budget appropriations of 1.5 million ECUs in 1979, 1980 and 1981 were increased to 2 million in 1982 and raised again to 2.5 million in 1983. The Commission has appropriations of 4.42 million ECUs in the 1984 Community budget for the programme.

For Wilhelm Haferkamp, the executive training programme (ETP) is a symbol of 'Community openness' and 'Europe's desire to understand Japan better'. Amongst other things, the programme will 'help to forge binding and lasting links between European and Japanese industry'.

A twelve-month language course equips the trainees with basic everyday language skills,

'European executives who have completed EEC-aided courses in Japan have nothing but praise for their opposite numbers there'

and enough business vocabulary to get by adequately. This prepares them for the practical stage of the programme – six months on-the-job training in Japanese management and working methods in Japanese firms. This is reinforced by a series of visits to Japanese factories and institutions. Background information on the Japanese business environment is also provided in the form of seminars and lectures. So far, 71 young executives have completed the training programme, 30 new trainees left for Tokyo in September 1983, and the wheels are now being set in motion to recruit a further 35 to leave in 1985.

The European trainees who have completed their stints in Japan have nothing but praise for the accessibility and goodwill of Japanese businessmen and of the Japanese authorities, the support of the KEIDANREN (Japan Federation of Economic Organisations), and the operation of Japanese firms who agreed to take on the executives for training – not counting the favourable news items appearing in the Japanese media.

A number of comments underscore the priority Japanese firms place on personnel policies. One Italian executive was particularly struck by the working methods used by

'There is no doubt that closer co-operation with Japan is one of the best means at our disposal to help bring about a world economic recovery' – GASTON THORN

Japanese executives, particularly the sheer volume of groundwork done before taking a decision. Nothing is left to chance – which avoids nasty surprises cropping up later in the day, he added in a hint to European business leaders.

A trainee from the United Kingdom believes that European exporters need to adopt a more flexible approach, pay more attention to the tastes of their potential customers. Contrary to popular belief, 'Japanese consumers are most concerned with product quality'. But all the trainees emphasise the possibilities open to Europeans who abide by Japanese rules and theories of management: team work, the ability to adapt, professionalism. And these are not just the principles of Japanese business – they are the kingpins of Japanese society as a whole.

Community authorities are pinning their hopes for the future on the Commission's initiative. Senior Community officials believe that things will change after the emergence of a new wave of Europeans with a thorough knowledge of the Japanese market, a broad understanding of Japanese society, and reasonable proficiency in the language.

A three-months residential course in Japan, along the same general lines, is also due to get


off the ground in the very near future. The aim will be to familiarise European businessmen with Japanese methods, while at the same time sharpening their export performance. The programme will include two months' in-house training for each course member in an appropriate Japanese firm. This will present European businessmen with an opportunity to study Japanese know-how at first hand, as well as to undertake field surveys on the market potential for their own products. The first group of these will leave for Japan in Spring 1984.

The other aspect of the export promotion programme is more concerned with trade promotion proper – paving the way for the introduction of European products into the Japanese market in conditions enabling them to compete with domestically-produced goods.

Since public contracts were opened up to foreign suppliers in 1979, European exporters have been clamouring for more information to help them open up these potentially rich export markets to the greatest extent possible. The Commission's response to that demand came in its booklet *Japanese Public Contracts: how to tender*. It has also made translation services available to European exporters.

Japanese invitations to tender are translated and transmitted by telex on an almost daily basis. This service will shortly be put onto the EURONET-Diane network.

'There is no doubt that closer cooperation with Japan is one of the best means at our disposal to help bring about a world economic recovery,' Gaston Thorn told the participants at the third EEC /Japan Symposium held in Tokyo last November. According to Commissioner Etienne Davignon: 'Without more active cooperation, the efforts made by both sides run the risk of fading away into pointless confrontation.'

The differences in existing national standards for manufactured products in the various member states (quality, safety, environmental protection) are all stumbling-blocks to the development of a single European market. Until the internal market takes on a truly Community dimension Europe will continue to lose ground to the onslaught of American and Japanese competition. Japan already holds 80 per cent of the European video market, and the USA is the undisputed world leader in computers. Europe's industrial future is largely dependent on the Ten's abilities to coordinate their individual efforts and face these problems shoulder to shoulder. 



Japanese trade foursome in Brussels last April: Sadanori Yamanaka (left) with trade minister Gerald Regan (Canada), US ambassador M. W. Brock, and European Commission vice-president Wilhelm Haferkamp.

EXECUTIVE TRAINING IN JAPAN

Applications are invited from export-orientated firms inside the Community who would like to sponsor one or more of their executives (age 25-35) on a unique EEC-funded training programme.

It includes a 12-month, full-time language course, and a six-months in-house training in Japanese firms, as well as seminars and lectures about business in Japan.

Write to Peat Marwick Mitchell & Co, 1 Puddle Dock, Blackfriars, London EC4V 3PD, for the attention of Mr M. Coney. Telephone (01) 236 8000. Telex 8811 541.

Keeping the 'one world' trading system alive

Trading relations between Europe and the United States are under strain, with charges of protectionism on either side. Economic factors are largely to blame: US interest rates are high, the dollar is strong – and on both sides of the Atlantic old-established industries are undergoing painful change. In spite of it all, the 'one world' trading concept remains alive. Sir Roy Denman, head of the European Commission's delegation in Washington, puts the scene in perspective.

Free trade is like absolute zero in physics, a theoretical concept not encountered in the day-to-day world. But this observation should not deflect us from realising how far we have been able to move to free trade in the years since World War II.

The 1930s were marked not only by the Great Depression, but by the Smoot-Hawley tariff in the United States and retaliation against this very high tariff from a whole range of other countries, a jungle of restrictions in the form of both high tariff quotas and distorting bilateral deals in Europe. Exporting unemployment was a fashionable slogan. Expanding world trade in these conditions was like swimming in a lake choked with weeds.

The reforms in international finance and trade worked out at the end and immediately after the war – and in which the United States played a major part – laid the foundations for what was called the one world trading system. Under the aegis of the General Agreement on Tariffs and Trade (GATT), tariffs and other restrictions were drastically cut in a series of major trade negotiations. The average tariff on industrial goods imported into the United States and the European Community is now only some 4.5 per cent.

Not only were tariffs reduced, they were also 'bound' – which means, in the jargon of the trade, that they cannot be increased without a negotiation seeking agreement on appropriate compensation. US exports in 1982 to its biggest customer – the European Community – totalled some \$48 billion. By far the greater part entered under tariff headings which were 'bound'. This meant a degree of access stability and prosperity for American and other exporters undreamed-of in the 1930s.

All this has meant since 1947 the greatest increase in prosperity the West has known in recorded history. World trade, which had stagnated in the 1930s, rose by an average of 8.5 per cent a year in volume in 1963-72, and even in the oil-shock years of the late 1970s was rising between rates of 5 and 6 per cent.

It is argued that protectionism is rife and is stifling world trade. But these charges are exaggerated. With the exception of steel there are few restrictions on trade across the Atlantic. In the case of textiles, often instanced as an example of protectionism, some 40 per cent of European Community imports come in from developed countries without quantitative restrictions – providing in particular a good market for American exporters.

In the case of trade with Japan, the restrictions which have been introduced on automobiles in the United States and Europe are familiar to most. Indeed, the remarkable thing about the 'one world' trading system is not that there have been some minor inroads of protection here and there, but that, in the biggest recession since the 1930s, the system has held.

Of all this general prosperity the United States has deservedly taken a fair slice, and not just in its exports to Europe. Between 1970 and 1980, the value of US agricultural exports jumped from \$7 billion to over \$41 billion. The US share in volume of world exports of agricultural goods rose from 25 to 39 per cent. In 1980 the US registered in its trade balance a surplus of just under \$27 billion in the agricultural sector. If one looks at manufactured goods, the United States share of world exports in manufactures rose from 17 per cent in 1978 to 21 per cent in 1981.

All this explains the dramatic rise in the proportion of American gross national product (GNP) represented by foreign trade. For one hundred years after the Civil War this never rose above 3 to 4 per cent. Then in the 1970s and the early 1980s it soared to a current 12 per cent. And that is the background of the change in the American scene from the 1930s.

This sketch I have given is a pretty fair defence of what the 'one world' trading system – though not absolute free trade – has brought to Main Street America, and it compares with the memories of 50 years back and 'Buddy can you spare a dime?' Between 1938 and 1982 US GNP rose five times in real terms.

Some, however, would say that is fine and dandy as far as the general economic scene goes. But in Detroit, for example, the automobile industry is in real difficulty. And Polylana lectures about general economics don't

help. What about the proposals for domestic content? Production in the United States of motor vehicles and parts fell between 1979 and 1982 by over 50 per cent. Now they are rising, but there is still a way to go.

Employment and the domestic market have strengthened markedly. But worst of all has been the foreign trade balance. In 1981 in this sector the United States exported \$16.2 billion worth and imported \$26.2 billion worth, a deficit of \$10 billion. In 1982, the deficit reached \$15.5 billion. In 1983, exports fell further, imports rose further, and, for the first half of 1983, there was a deficit at an annual value of around \$21 billion.

So the argument seems persuasive. Whatever the general picture, the case of the automobile industry is a special one. To protect jobs and plants, imports should be restricted.

This, however, is where we should learn something from history. President Herbert Hoover once said that if the Smoot-Hawley tariff were not approved by Congress, grass would grow in American cities. Grass nearly did grow, because the Smoot-Hawley tariff was approved by the Congress. And it started the great protectionist slide of the 1930s.

The general lesson in Europe, as well as the United States, over the last 50 years, has been that taking protective measures is like giving slugs of red-eye to someone not notoriously on the wagon. The more you pour the more is demanded, the more uproarious the demands become, and the worse the patient feels afterward.

But let us turn to specifics and comment in turn on three aspects of the problem: some of the causes and effects of increased competition and requests for protection; the question of relations with developing countries; and the question of steel.

Interest rates have come down markedly over the last two years, but are still historically very high. They pose questions about investment. However, cutting imports is not going to bring down interest rates. That can probably only be done by reducing the budget deficit. Then there is the strength of the dollar, which is caused largely by high interest rates. One economic truth often forgotten is that a strong currency plays a large part in the encouragement of protectionism.

Looking back on the 1970s, one sees that, in

'US exports in 1982 to its biggest customer, the European Community, totalled some 48 billion dollars'

the final phase of the breakdown of the Bretton Woods system, the dollar was over-valued – by some 15 per cent, it was generally held. The result was the Mills bill in 1970 and the Burke-Hartke bill. These would have limited virtually all US imports and very nearly were passed. A year ago it was generally estimated that the dollar was overvalued by about 20 per cent and the yen was under-valued by 20 per cent. The situation is marginally better now, but still there is rising protectionism, with the passage by the House of Representatives of a domestic content bill.

So the strength of the dollar has caused a good deal of damage. It cuts demand abroad for American exports for industrial and farm products alike and it makes imports more attractive. But what would be the effect on the strength of the dollar if the United States were to cut imports? The answer is that the trade deficit would shrink and the dollar would rise still further. And the problem would get worse.

Then there is the question of relations with developing countries. Often this is put in abstract terms. In practical terms, it means, for example, that US exports of transport equipment to Latin America amounted in 1981 to \$5.4 billion, in 1982 to \$3.3 billion, in the first half of this year to \$1.07 billion. And all this not because of unfair competition but simply because Latin America cannot import; they cannot finance their debt.

In 1982, just under \$120 billion of US exports – some 42 per cent of the total – went to developing countries. On these purchases of American goods some 6 million American

'Progress towards free trade over the last 35 years has changed the face of the United States, of Europe, and of the world'

jobs depend. How are these countries supposed to pay for what they buy from the United States? Few would argue that the American taxpayer should pay for them. But these countries need to earn foreign exchange. How can they do so if they are kept out of one of the biggest markets in the world?

Steel is a very important part of the US economy. With American steel mills operating at well under 60 per cent of capacity, cutting imports can seem very attractive. But pause to think for a moment of the consequences. Let us assume that, by some stroke of sinister magic, all steel imports were eliminated. Would the problems of the American steel industry be solved? No. Without foreign competition they would be aggravated.


Plant modernisation, already lagging behind that of competitor countries, would be further delayed. Only 34 per cent of steel produced in the United States is by continuous casting, the most advanced steelmaking technique, compared with 82 per cent in Japan and 56 per cent in the European Community. The chairman of a major US steel firm estimated recently that one-third of US steelmaking facilities required modernisation.

Already wage rates in the steel sector are well above the average for manufacturing industry. Prices would rise and the rise in prices would have an adverse effect well beyond the steel industry. All that wide range of domestic industries that use American steel would also lose competitiveness. And the great danger is that pressures for increased protection elsewhere increase. If they succeed, this would mean retaliation against American exports which would inflict grave damage on the American economy.

Free trade as such does not exist. But the free world, with substantial leadership from the United States, has made great strides toward it over the last 35 years. This has meant the biggest increase in prosperity in the West in recorded history. It has changed the face of the United States, of Europe, and of the world.

The siren voices of protectionism are seductive. But we need to remember the cost, the fact that, just over fifty years ago, with the Smoot-Hawley tariff and equivalent restrictions in Europe, we saw the damage that protectionism can bring.

For the protectionist bell does not toll simply for one industry. It tolls for us all. History would never forgive us if, just as we were emerging from the worst recession for half a century, our courage faltered and we plunged back again into the stifling restrictions and the poverty of the 1930s.

Whatever arguments may take place over the Atlantic, the United States and Europe have to work in partnership to keep the 'one world' trading system alive. 



Europe's steel output, like that of the United States, is way below capacity. But does cutting imports help?

QUESTIONS IN THE HOUSE

Sir Jack Stewart-Clark, United Kingdom:

'Is there any sound reason for the requirement that fruit growers in the UK have to be members of a marketing or producer group before they can sell into intervention? This is not, for example, true for wheat producers. Would it not be sufficient for recognition by the Apple & Pear Development Council to be proof enough of a grower's bona fide status?'

Answer by Poul Dalsager on behalf of the Commission:

'The fruit and vegetables producer groups play an important role in the marketing of the produce and in the achievement of market equilibrium. They are therefore in a position to impose certain constraints on their members, in particular with regard to production. In return, the members enjoy, with regard to intervention, a special position as compared with independent growers operating without constraint of any kind.

It should, however, be noted that the intervention arrangements are available to independent producers as well whenever the Commission issues a finding, at the request of the member state, that a serious crisis has arisen on the market for a given product. As soon as this happens,

the member states buy in, through agencies or natural or legal persons appointed for this purpose, produce grown by individual growers, provided it meets quality standards and has not been withdrawn through a producer's organisation.'

Thomas Megahy, United Kingdom:

'Would the Commission please state whether it has reached any decision about issuing a directive on breast milk substitutes, as it said it would do in an answer to the European Parliamentary debate on this question last April?'

Answer by Karl-Heinz Narjes on behalf of the Commission:

'The Commission is about to complete a round of consultations on the subject of breast milk substitutes with parties concerned including member states and the Advisory Committee on Foodstuffs, in which Agriculture, Commerce, Consumers, Industry and Trade Unions are represented. These consultations

will enable the Commission to present in the near future a proposal to the Council for a directive on the composition and labelling of infant formulae and follow-up milks as was stated during the debate mentioned by the Honourable Member.

The Commission is also currently engaged in the evaluation of other aspects relating to infant feeding and intends to submit its conclusions together with this proposal.'

Mrs Marijke Van Hemeldonck, Belgium:

'The transportation through road tunnels of dangerous chemicals, especially those of a toxic or inflammable nature, involves high risks, not only to the environment but also to other road users.

Can the Commission provide details for each Member State of existing regulations in this area?'

Answer by Giorgios Contogeorgis on behalf of the Commission:

'The Commission is not aware of any evidence to suggest that the transport of dangerous goods by road car-

ries a higher risk in tunnels than elsewhere. Whilst the confined space and limited access for rescue services might exacerbate the effects of any accident in a tunnel, this applies whether dangerous goods are carried or not.

Prohibiting the use of certain routes, including tunnels, for the movement of dangerous goods is essentially a matter for local authorities within the limits of national legislation.

Karel Van Miert, Belgium:

'If the Commission abides by the objectives it has set out in various memoranda with a view to combating tax fraud within the Community, does it not feel that the decisions in principle taken by the Belgian Government to grant a 'tax amnesty' are fundamentally opposed to these objectives? Has the Commission made any approaches to the Belgian Government on this matter or does it intend to do so?'

Answer by Christopher Tugendhat on behalf of the Commission:

'The present provisions of Community law do not permit the Commission to make an approach to the Belgian Government on the subject of tax measures of a purely internal nature such as those referred to by the Honourable Member.'

Farmers face lower price support

British farmers, along with those in West Germany, the Netherlands and Denmark, would be paid lower guaranteed prices by the European Community this year if the ten member governments approve the agriculture price proposals put forward by the European Commission on 12 January.

In a bid to cut the cost of the Community's common agricultural policy this year, the Commission's package allows for a rise in farm prices of just 0.8 per cent, compared with a projected inflation rate of 5.6 per cent within the Community.

The proposals freeze the prices of products that are in surplus or heading that way, such as milk, cereals, olive oil, wine and tomatoes, and allow small increases for certain other products. For some commodities, the price is cut.

Beef, sheepmeat and pigmeat are subject to limited price increases, as are sugar, durum wheat (which is used for making pasta) sunflower seed, other oil seeds, protein products, textile plants, certain fruit and vegetables and varieties of tobacco and rice.

But price reductions of 1 per cent are proposed for colza and rape, because their guarantee threshold was exceeded in 1982, and for some varieties of tobacco which are particularly difficult to market.

If adopted, the proposals would also reduce

the MCA differentials by half, and, taken with the price proposals, would result in British and Netherland farmers being paid 3.1 per cent less, Danish farmers getting 0.4 per cent less, and the West Germans taking the biggest cut of 5.4 per cent.

The remaining six partners will get price increases. The net increases over prices agreed for 1983/84 for Greece would be 3.4 per cent, while France (3.2 per cent) Belgium (2.3 per cent), Ireland (2.1 per cent), Italy (0.8 per

cent) and Luxembourg (1.9 per cent) will also enjoy price increases.

In total, it is estimated that the measures will cut around £100 million from the cost of the CAP this year, and the Commission has asked that they are confirmed by the EC agriculture council from the end of the 1983/84 marketing year, on 31 March. 'Unless the council respects the deadline of March 1984, the common agricultural policy itself will be in danger,' it says.

BUTTER PRICES 'MUST COME DOWN'

AN ANALYSIS of the Community's dairy surplus crisis by the European consumer organisation, BEUC, finds that the EEC countries now have surplus butter stocks amounting to 847,500 tons. In its report, BEUC gives its own ideas of what the Ten should do about it.

The Commission now recognises, it says, that the only way butter consumption can increase is by lowering prices. Shop prices for butter ought to come down on average by 11 per cent. Until they do consumer subsidies must be kept. Consumers expect the European Parliament, which unsuccessfully defended Christmas butter sales last year, to support the Commission proposal, it adds.

But, the BEUC report asks, how logical are these proposals? Consumers may gain from lower butter prices, but other dairy products like yoghurt could go up with the proposed increase in raw material prices.

According to BEUC, price reductions are being used as a tactic to force governments to 'adopt measures which will put up food prices: quotas on milk, the unfair tax on margarine and other food products containing oils and fats, the abolition of consumer subsidies and restrictions on cheap imports of animal feeds'. BEUC's report finds these measures - especially quotas - 'highly detrimental to the consumer interest'.

'Post-war poets have done away with the pre-war esoteric view...'

Just before Christmas last year, literary *prominente* from all over Europe gathered in Brussels for a two-day seminar. They included poets of distinction and critics of renown, and their subject was European post-war poetry.

When it was over, in the words of one of their number, the British poet Dannie Abse, they found that they were unable to define anything. Poetry, it seemed, refuses to be defined or confined within time-limits. Few of those taking part could agree when, or if, a post-war movement had begun. Broad sweeps were discussed, and vague definitions. But, they all agreed, greatness emerged, and lasted, when change swallowed up minor poets of the different movements. The great were omnipresent; quality crossed the limits set by definitions and periods of time.

The Greek poet, Titos Patrikios, took a few broad lines and major themes. For him the significant transitory point in Greece was 1949. He seemed to speak for most of the gathering

when he said that the war, with its fundamental conflicts, its violent confrontations, had had unforeseen consequences for all – including of course, for poets. Young poets who emerged after 1945 were strikingly different, because of their particular sensitivity and involvement with the war and resistance.

Patrikios noted a common vision in social and 'committed' poetry which is moral in tone (he put himself in this category of writers). He also noted a vision which tended toward 'languid introspection', seen in the existential work of the 1950s. Lastly, he saw a vision in the investigation of poetic language and the use of modern, even technological, terms. He echoed a general feeling when he said these areas were not, however, separated by unbreakable walls.

Post-war poets have done away with the pre-war, esoteric – even hierarchical – view of their craft, he said. Elitist behaviour by poets in the past had given poetry an unfortunate 'separatist' image; post-war poets were much more 'in line with the general run-of-the-mill' reader.

By the end of the seminar, agreement had been reached on the difficulty – worldwide, not simply European – of finding an audience for poetry. The Italian poet, Daniele Grassi, called for a return to the oral tradition. This would broaden the audience, Grassi maintained, since 'people don't want to read; but they could be persuaded to listen.'

ROSE DOYLE

letters

Cake, anyone?

In your Letters column of December 1983 you included the well-known misquotation, 'You can't have your cake and eat it'.

One would find it extremely difficult to eat cake that one hadn't got. The correct version is, of course, 'You can't eat your cake and have it'.

Derek Bradley
Editor, Education & Training,
Strand, London WC2

Culture gap

We must all have been saddened to read the account of Zimbabwe's sufferings in the present drought situation there, featured in your December issue.

I was pleased that you were publicising it, and to learn that the Community is helping. I did feel cynical, though, when I turned the page and read that the Commission has granted £129,000 to the British Film Institute to help transfer its records on to microfilm.

Are we losing our sense of proportion?

Ailsa Pain
London NW11

Language barrier

I am a supporter of the European Community, and have been for many years. I am writing to let you know that the statement by the European Commission which you published on page 3 of the December issue consists of a glutinous agglomeration of platitudinous generalities. It is likely to antagonise any wellwisher.

W. M. Wolf
Darlington in Europe, Darlington

County clanger

As a Lincolnshire man, I must applaud *Europe 84* for adding a considerable area to the Fens already existing in the county. ('How the Agricultural Fund is helping to drain the Fens'.) Perhaps this is a belated attempt at compensation for the work of that great European, Mr Edward Heath, in annexing a large chunk of its northern territory to help form the so-called County of Humberside.

Sadly, however, I have to point out that the greater part of the Fens, and, indeed, the more substantial Fenland beneficiaries of the EEC Agricultural Fund, truly lie in Cambridgeshire. It was primarily this county, which includes the Middle Level area, that was clearly, as originally written, referred to in my article for the January/February issue.

Jack Waterman
Highgate, London N6

□ Apologies to our respected contributor, and to any reader who may have been misled by our shaky geography.



Commissioner Haferkamp at the opening in Brussels of an exhibition by young Berlin artists – these works are by Rainer Kriester – organised by the Commission.

A Common Market plan to allow pets to be taken anywhere within the EEC without restrictions was yesterday attacked by the Ministry of Agriculture as a threat to Britain's stringent anti-rabies laws.

A spokesman said: 'The proposals might make sense for Continental Europe because you can't stop animals crossing borders. But Britain and Ireland have a stretch of water between them and Europe and we can use it to keep this disease out.'

- Daily Express

The European Community's trade with Russia recovered sharply last year, boosted by Moscow's purchases of equipment for its controversial Siberian gas pipeline to Western Europe, officials said yesterday.

Figures are available only for the first half of 1983, but they show the Community's exports to Russia rose by a hefty 40 per cent in this period, they said.

A major factor was Community sales of equipment to build a gas pipeline linking Siberia to Western Europe, helping to cut the trade deficit with Moscow - derived largely from oil and gas imports - to \$1.8 billion in the six months from \$3.3 billion in the same period of 1982.

- Guardian

The environmental protection 'Green' parties of five Common Market countries yesterday became the first political grouping to announce a joint campaign in the June European Parliament elections.

The newly formed 'European Greens', including the Ecology party, pledged that members elected by proportional representation in continental countries would represent environmentalists in Britain, where the first-past-the-post system would not permit a 'just representation'.

- Daily Telegraph

Common Market officials have ordered Britain to put up the price of beer by a whacking 7p a pint. And cut up to 10p off a bottle of wine.

The bare faced cheek of it! It's nothing more than an underhand attempt to shove up the sales of French and Italian plonk over here.

Why on earth *should* British beer drinkers be punished because too much wine is produced in Europe?

- Sun

The readiness of Britain's partners to compromise on the budget issue may be encouraged if London was able to acknowledge that the Community has more serious problems than budgetary imbalances and adjusted its tactics accordingly.

At the very least this would require changes in the presentation of the British case; a reordering of priorities so as to demonstrate that removing the current constraint on the EEC budget was at least as important as solving the British budget problem.

Perhaps above all, a demonstration is needed that London is aware that neither the volume nor the cost of farm surpluses are sufficient to discredit all that the Community has achieved, or might achieve.

- Financial Times

WHAT'S IN THE PAPERS

The European Commission has come to the aid of pure-bred bulls, whose owners have been complaining impotently for years about French entry restrictions.

The problem dates back to April, 1979, when the French National Union of Breeding and Artificial Insemination Cooperative (UNCEIA) became worried about penetration of the French breeding market by non-French frozen semen.

As a result, the union adopted a set of rules to protect the French herd which were as restrictive as any ever placed round a Turkish harem. These meant, above all, that imported frozen semen could not be stored or tested.

This proved even more of a deterrent than hijacking lorries.

After strong representations from Brussels, therefore, the union has announced that its restrictive measures, which it says it has never implemented, are now to be withdrawn.

- The Times

In a speech heavy with European idealism M. Claude Cheysson, the French Foreign Minister, spelled out to the European Parliament in Strasbourg the hopes and ambitions of France as it assumes the presidency of the EEC's Council of Ministers for the next six months.

Sir Henry Plumb, leader of the Conservative group of MEPs, was 'encouraged' by M. Cheysson's speech. But he took the opportunity of ramming home in the debate Britain's case that agriculture must take up a smaller share of the budget and that Britain must only be asked to pay a 'modest' share of the cost of running the Community.

He added wearily: 'This fact will not prevent certain members in this house from misrepresenting and then criticising our views in this matter'.

- The Times

Four television commercials meant to encourage people to vote in the elections to the European parliament have been rejected by the Independent Broadcasting Authority. It ruled that the commercials are unacceptable because they are, by its code, political.

The commercials will run in May in seven European countries, where they are legally respectable.

- Sunday Times

A warning against 'tit for tat' trade war with France was given in the Commons yesterday by Mr John MacGregor, Minister of State, Agriculture, after he had been questioned about France's current agricultural dispute with Britain.

He said the emphasis should be on not impeding the entry points for trade into both countries.

- Daily Telegraph

After a fall in the value of the French franc, farmers pay more for imported supplies. But because MCAs (monetary compensatory amounts) work as a tax to keep farm prices unchanged in terms of other Community currencies, they cannot sell their produce more cheaply. Thus the Community's largest farming nation has lost some of its competitive edge.

- Economist

Nearly three quarters of the electorate at present believes that the outcome of next June's elections for the European Parliament will make little or no difference to what happens in Britain, according to a Marplan poll for the Guardian and the Channel Four political programme 'A Week in Politics'.

Even so, an astonishingly high proportion of those interviewed said they would be certain to vote on June 14. Forty-nine per cent rated themselves 'very certain' and 22 per cent 'fairly certain' - a total of 71 per cent.

- Guardian

Aircraft flying over Europe have three times as many near misses as official statistics show, according to a new report.

The 49-page document, prepared for the European Parliament's transport committee, is a catalogue of safety risks caused by inadequate radar and outdated air traffic control systems.

The report identifies blackspots around the Italian Adriatic coast, Southern Italy, Sicily and Sardinia.

- Daily Star

The French press is hitting back at the English after the 'Hop off you Frogs' campaign by the Sun newspaper. The influential newspaper Le Monde has fired off a broadside of anti-English jokes. And in answer to a Sun 'invasion' the magazine Paris Match has despatched a task-force to the London newspaper office.

Le Monde invited readers to submit their favourite anti-English jokes: first prize is a trip to London; second prize is three trips to London.

- Sunday Times

Some of the transatlantic squabbles are getting worse. The EEC is poised to impose quotas and tariffs on a range of goods America sells to it, ranging from chemicals to sporting goods and burglar alarms.

This is in retaliation for the tariffs and quotas slapped on imports of special steels last July by America.

- Economist