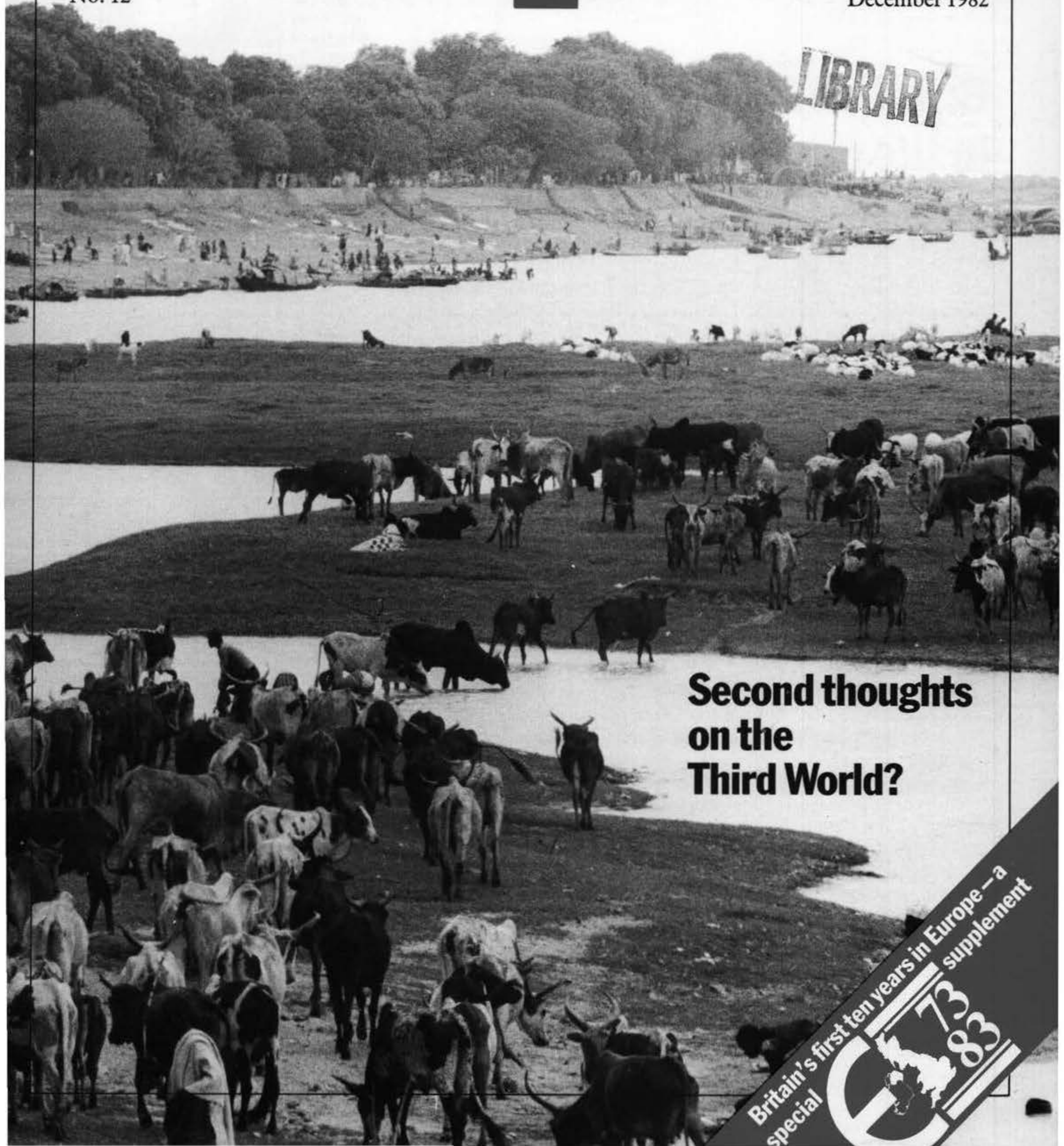
Europe 82

No. 12

December 1982



Second thoughts on the Third World?

Britain's first ten years in Europe—a special supplement

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Britain's first ten years in the European Community

This is a special issue of Europe 82, enlarged to include a 24-page supplement marking the tenth anniversary of Britain's membership of the European Community. The aim of those 24 pages is to present a summary of the evolution of Community policies and to assess their impact upon the United Kingdom.

Articles in the supplement range from an examination of the changed and changing patterns of British trade to the growth of consumer protection and the promotion of competition; from a study of the problems encountered by traditional industries, like textiles and steel, to the development of research and new technologies.

Any appraisal of the past ten years must show an awareness of the severe difficulties experienced by Britain. Some of those difficulties could not have been foreseen. Others may have been of Britain's own making. Certainly, the first ten years of British membership have not seen all the benefits that had been hoped for. But, then, as we all know, the past ten years have been hard ones for the whole Western world. The Community, and Britain as a member of it, could not hope to escape the troubles.

Yet benefits from membership there have been, as the supplement shows. Britain's remarkable success in attracting investment from the United States and Japan rests heavily upon our being, and remaining, part of the Community. The number of jobs that would be put at risk by withdrawal has been put as high as 2½ million. Again, Britain's membership has undoubtedly added to the political clout of the Community. At the same time, Britain's own political influence would be very much diminished if she were alone, outside the Community. Those are just a few of the conclusions we can draw as we look back upon the past ten years, and look ahead to the shaping of the future.

George Scott

Published by the Commission of the European Communities, 20 Kensington Palace Gardens, London W8 4QQ.
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Design: Lawrence Edwards
Printed by Lawrence-Allen Ltd, Weston-super-Mare, Avon
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A new plan for action in the Third World

FERDINANDO RICCARDI reports on a policy that would help the poor and hungry, while also working in the interests of the Ten

Of all Europe's existing or hoped-for policies, perhaps none is more crucial than a new Community development policy for the Third World. It is not only necessary – it is urgent.

First of all there are humanitarian reasons: children dying of hunger, men and women trying to escape from poverty and misery. Then there are economic and financial reasons: raising living standards, and increasing consumer demand in the Third World, are vital to the economic recovery of the western world and to the stability of an international monetary system beset by the debts of the developing nations.

And, of course, there are political reasons: the instability of certain regions in the Third World, the periodic collapse of governments and the risk of others lurching to the extreme right or left are all threats to world equilibrium and western security.

Generosity and self-interest are therefore the two central factors behind a new European Commission initiative, spearheaded by Development Commissioner Edgard Pisani. It spells out his views on a new European policy which includes the problems of hunger in the world, the North-South dialogue, the role of the developing countries in world trade, the organisation of international staples markets, and the new international economic order.

No one could doubt M. Pisani's personal commitment to the plan when he made his proposals public at a press conference in October. In the context of what Gaston Thorn has described as 'second generation Europe', they outline the ways, the means and the priority objectives of a future Community development policy.

The Community is already in the forefront of development cooperation, and some of its initiatives are generally regarded as models by development experts. The Lomé Convention is a unique example of an 'equal contract' signed between an industrialised region and an apparently heterogeneous group of developing countries; 'Stabex' offered a means for poor countries to overcome the economic problems caused by the fluctuating world prices of the staple exports on which they depend.

But changes have occurred both in the world economic order and in the needs of the developing countries themselves. To use M. Pisani's words, 'the objective is to draw on the best part of what we have already and to adapt existing instruments to face the economic realities of the countries we are trying to help.'

In simple terms, there are four main factors which form the basis of the proposed new European development policy and its adaptation of existing instruments. First, food aid will not solve the problem of world hunger. Second, for the most part the ACP signatories of the Lomé Convention have not been among the Third World nations to achieve 'economic take-off'. In Africa, in particular, the current Convention has brought no tangible improvement of the situation.

Thirdly, the Mediterranean Basin is a single area, and its problems cannot be solved by a multitude of separate agreements between the Community and the individual states. An overall approach is needed. And fourth, Third World countries who are not linked to the Community by special agreements have specific needs and aspirations, which Europe must accept with a view to renewing good relations and cooperation.

Food aid is sometimes necessary for anything between a month and a year to relieve desperate situations; but it does not deal with the fundamental problem, and can actually make things worse. The only viable solution to the problem of hunger in the world is to help developing countries to produce their own essential foodstuffs in a way that is suited to the local climate, local farming methods and local tastes. The industrialised world is wrong to resort to charity (which is sometimes prompted by a desire to get rid of agricultural surpluses), and the Third World is wrong to give priority to things like military or industrial prestige projects, before satisfying the basic food needs of its inhabitants.

'Food aid does not deal with the fundamental problem – it can actually make things worse'

Commissioner Edgard Pisani

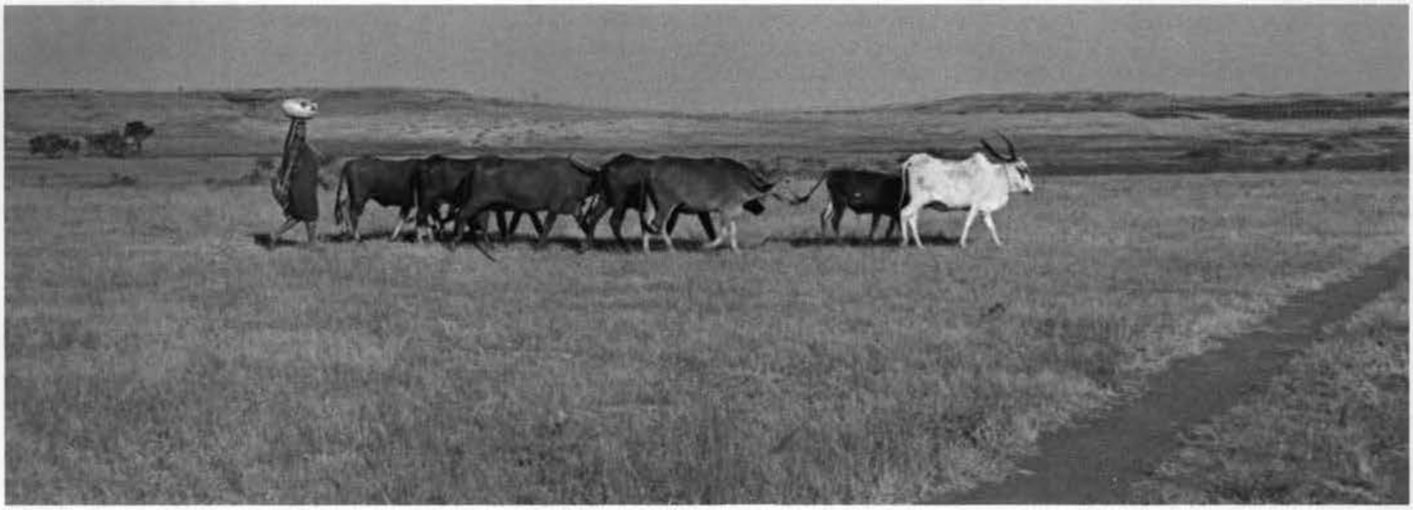
M. Pisani, speaking from a personal rather than an official standpoint, is highly critical of the existing situation. 'The lack of attention given to the development of food resources is a historic scandal, whatever the justification,' he told reporters recently. 'There must have been some kind of collective madness in the idea that the United States, Europe, New Zealand and Australia could feed Africa, Asia and Latin America – a madness that we supported with the concept of food aid,' he said.

Returning to his official role as a European Commissioner, however, M. Pisani pointed out that, despite the evidence, food aid had to continue for the moment. International forecasts show that Third World needs, in terms of imported cereals, which were 25 million tonnes in the 1960's and 80 million tonnes at the end of the 1970's may reach 200 million tonnes by the year 2000. To reverse such a disastrous sequence of events would be impossible. But the Community, while continuing to intervene for humanitarian reasons, must shift towards 'integrated rural development projects'.

It has to bring its help to bear on 'food strategies' defined by the Third World countries themselves. Reciprocal deals must not only consist of aids from Europe, but also of results from the developing country. Illustrating the approach with concrete examples, M. Pisani outlined existing contracts of this type in three African countries and listed several others currently still at the planning stage. The results obtained in terms of food self-sufficiency from similar strategies in certain Asian countries show that rapid and spectacular successes are possible, if the interested parties can get the projects off the ground and escape from the 'dependency' mentality.

The second point, on the position of the ACP states, can be dealt with more briefly, because in a few months time the Community will be assessing its position with a view to renegotiating the Lomé Convention. M. Pisani has already indicated that he thinks that the new Convention should be more permanent in character and of an unspecified length, in order to allow for long term planning. ACP states will also be the prime beneficiaries of the proposed 'food strategies.'

On the third aspect, dealing with the unitary nature of the Mediterranean Basin, M. Pisani pointed out that there are as many simi- ▶



larities between Marseille and Algiers as there are between Marseille and Lille. In addition to historical and cultural links such strong similarities exist between the agriculture of the Community's Mediterranean regions and the other Mediterranean countries that some sort of cooperation at an international level between the whole basin is vital. 'What is the point of organising a market for citrus fruits in several countries, if other important producers don't take part?' asked M. Pisani, illustrating just one area where Mediterranean cooperation is vital.

And what about the other Third World countries, for example in Asia and Latin America? Pisani denies that his memorandum concentrates on Africa to the detriment of other parts of the world. He says that it is simply a case of the priorities and the problems being different and therefore the solutions as well. India, with its high level of technology, China, with its highly organised system and countries in South East Asia and South America with their high level of industrial competitivity do not need or want the same sort of help as Africa. The Lomé model cannot be generalised and something else, based on industrial, technological and trade cooperation, involving access to the common market for their products, has to be introduced.

'Food aid does not deal with the fundamental problem – it can actually make things worse'

One may well ask, given Europe's acute economic problems, whether Edgard Pisani's proposals may prove unacceptable to the governments of the European Community's ten member states. Apparently not. He has stressed that the proposals are primarily qualitative and political and will not be too expensive in the short or medium term. The disposal of European agricultural produce will not pose a problem either, he says, because food aid will keep on becoming increasingly necessary for a good many years.

There will not be any serious financial problems, because if the Community development budget is increased to 0.1 per cent of Community GDP, as has been proposed, it will improve relations with the beneficiary countries. European industry must accept that a part of the European market should be left open to products from the Third World, but in exchange it will benefit, if the plan succeeds, from considerable future orders. In short, generosity and enlightened self-interest could bring about efficient implementation of a new European development policy.

Who will heed these women's voices?

PEGGY CRANE discovers what women from non-European countries feel about their position, and their problems, as recorded in an EEC-aided report

In the summer of 1980, ten thousand people – mostly women – met in Copenhagen, Denmark, to mark the mid-point of the United Nations Decade for Women. Within the Forum, the large non-government section of the Conference, a new organisation called the Exchange, held a series of meetings for people to share information and ideas about women in developing countries. Hundreds of women from all over the

'Perhaps we should look for a new concept – not just for women but for all people'

world came to these meetings. They talked about women organising. They talked about money. They talked about women and politics. And they talked about education and health.

Now the bread and salt of these discussions has been skilfully edited into a one-time publication on women and development issues for the 1980s in The Exchange Report, partly funded by the European Community, together with the Commonwealth Fund for Technical Co-operation and several organisations in the United States.

Peggy Antrobus, who has long been active in women's affairs in the Caribbean, and who chaired the advisory committee for Exchange, explained how her views had changed since the first women's conference in Mexico City in 1975. 'At Mexico City,' she says, 'the issues seemed very clear to me and maybe to many of us. We were talking then of integrating women into the process of development, both as agents and as beneficiaries. After five years and a lot of thought, and a lot of action on my part, I am not so certain. The problem seems much more complex. Some of us are beginning to question whether women *do* want to be integrated into what are essentially patriarchal structures... Perhaps we should question the whole current concept of development and look to find a new concept, not just for women but for all people.'

Although her challenge was not specifically taken up, the discussions made clear that women from the Third World often feel not only excluded from benefits from developments, but also exploited by it. Here are some voices:

India: 'The organised part of the economy – those who are unionised – includes only six per cent of all working women, and probably only four per cent are in unions. As a result of having no unions to bargain for them or to enforce implementation of labour laws, women are easily exploited as cheap labour. They have no minimum wage, no maternity benefits, no equal pay, no legal protection. Their work is part-time or seasonal.

Guatemala: 'Development has often adversely affected women. Those effects are real and grave. For example, in the late Fifties and early Sixties, we had the 'green revolution'. Agricultural expertise was provided by the developed to the developing countries. But the agricultural "experts" assumed that only men were farmers, and therefore women were excluded.'

Bangladesh: 'In one village, women were walking a couple of hours each day to a well to get water. But the well was also a meeting ground of a whole network of information exchange. When development planners brought in ways to get water closer to home, women were not very happy. They no longer had a time or place for meeting... Nobody is arguing that we are against development or against organisation. All we are arguing is that when all these modern techniques came in women were displaced.'

The overwhelming majority of women in developing countries live and work in the countryside, increasingly impoverished by the drift of the young and able to the towns. It was pointed out time and again that rural women here have enormous workloads, often working twelve to sixteen hours daily, part of which time may be engaged in collecting water for washing and cooking. But as the national economies shift from a subsistence to a cash basis with development, women increasingly need cash to support their families. That requires training and outlets for skills or produce, but the problems are immense.

Jasleen Dhamija (India): 'Only one per cent of women in the world own land. Landless families are the poorest of the poor. But the rural programmes do not reach out to these women. Take the rural extension programme of India, which provides irrigation and seeds. This is only useful if someone owns land. Or suppose a landless woman is given a cow. This does her no good since she has no place to find fodder. When we ask rural women what they need, they respond that they need cash and easy access to water and energy. They know what they need.'

'Women are resentful of researchers from abroad who automatically become "experts" on the Third World'

Inevitably, because their needs and background are so different from their Western European and American sisters, Third World women are often suspicious of northern feminism.

Isabel Nieves (Guatemala): 'Women in development is an issue of the struggle to survive. Feminism is an issue of recognition of women as human beings. The first is an issue of life and death, the second is not. A lot of women in the Third World are bothered by women in development because they see it as feminism coming in from the West – just another form of imperialism.'

Third World women are also resentful of researchers from abroad who 'wander into our country, do their stuff, and then automatically they become the "experts" on the Third World', and of those who seek to impose their values on Africans and others on such sensitive subjects as female circumcision and sex education.

Mrs Sow (Senegal): 'It's a question of traditional moral values. We are not in favour of excision, but we are African women and we can look after our own problems. We don't want outsiders coming in and messing with them... Outsiders must not come in to impose their values on Africans. Some Western practices are scandalous – for instance, the way you put your old people into ghettos – but Africans would not come in with banners and news stories to tell you how backward you are.'

'Outsiders must not come in to impose their values on us...'

The lesson that emerges from many of these exchanges in the NGO forum and workshops is that if development aid from the richer countries is to be effective the women of the recipient countries must be closely involved in its planning and application. Through co-operatives, women's bureaux, and a few women active in the political life of their countries, Third World women are struggling to make this clear to the bureaucracies and private funders who influence development, whether it be their own government or help from abroad. But again it is not easy.

Marilyn Richards (USA) organised a major meeting at the Copenhagen Forum to bring funders and grantees together for an open discussion of their joint interests and problems. She says: 'I think donors have trouble putting money into women in development projects because results are hard to measure, which makes it difficult to justify the continuation of funds. Waiting for long-range results is really hard to sell in a funding agency.

'It's also difficult for funders because it takes more initiative to push through a woman in development project or a women's component of a larger development project. There's a lot of resistance. The pat argument is, "We just don't have enough information. Let's do some research".'

The editors of The Exchange Report hope that its contents will stimulate discussion among all women's organisations concerned with the conference in Nairobi in 1985 which will mark the end of the UN Decade for Women. In the UK, preparations for this conference at government and NGO level are already being encouraged by the Women's National Commission, an umbrella body for women's organisations in Britain.

☐ Copies of The Exchange Report, singly or in bulk, are available from The Exchange, 26 East 22nd Street, New York, NY 10010, USA. A few copies may still be available from Mme Deshormes, Women of Europe, DGX, European Commission, Rue de la Loi 200, Brussels, B-1049.

Women and the job market

Denmark and Britain lead the rest of the European Community in the progress of women workers towards equal job and pay opportunities. But even in these two countries the effects of the recession, and EEC legislation framed to improve the status of part-time workers, threaten to reverse much of the progress towards equality seen in the 1970s.

On a straightforward analysis of women workers as a proportion of each country's workforce, Denmark, with 44.4 per cent of women of all ages at work, and Britain, with an equivalent 35.8 per cent, stand out well ahead of the rest of the Community. In Holland, Spain and in Ireland, around two women in ten work. In France and Germany the figure is around three in ten.

One of the reasons for women's greater work activity in Britain and Denmark is those countries' greater acceptance of part-time work. No less than 20 per cent of all jobs in Britain are now part-time. And of the 4 million people working less than 30 hours a week, 85 per cent are women.

According to Lloyds Bank Group's economic adviser, Christopher Johnson, Britain's acceptance of part-timers means that the UK figure tops all the international lists. In the United States, less than 15 per cent of jobs are part time. Britain, in fact, chalks up 44 per cent of all the part-time jobs in the Community.

When it comes to job-shedding it is often a case of ladies first...'

That is why EEC draft directives on non-discrimination between part and full-time employees – which aim to prevent part-timers from being paid less per hour than their fully-employed colleagues – could have the unfortunate side-effect of pricing women out of work.

Part-timers at the moment receive, hour for hour, around four fifths of the pay of full-time staff. This is partially because people working only a few days a week tend to be in lower grades, and have lower promotion prospects than their full-time colleagues. But if companies are required to even-up the pay, and draw their part-timers (mainly women) into all their employee benefit schemes, there could be fewer jobs for working wives.

The recession has already affected equality of work opportunities. True, most job losses have been in the heavier industries, traditionally male strongholds. In the service industries there is now a rough equality in numbers between men and women in work. But due to conventional career structures and to married women's time off rearing children, women tend to hold lower-grade jobs even in the industries where they are numerically well represented.

As Christopher Johnson explains, since the 1975 Equal Pay and Discrimination Acts in Britain there has been some break down of this traditional sexual discrimination. But the legislative boost for equality has been quashed by the recession. As job-shedding tends to start at the bottom of the pyramid, women have often been the first to go.

Only 12 per cent of British management jobs are held by women. On the other hand taking the Civil Service as an example, 8 in ten of the lowest clerical grades are filled by women. In Britain, too, 62 per cent of the wives of men in work also have a part-time or full time job. But only 32 per cent of the wives of unemployed men work.

As for equal pay, it's a nice idea – but it still does not exist in a number of sectors of industry. In response to a question put by Irish Progressive Democrat MEP, Sile de Valera, European Commissioner Richard Burke has highlighted the most flagrant examples of discrimination in average wages earned by men and women.

Quoting statistics taken from the six-monthly publication, Eurostat, he showed that, in April 1981, women workers in the Irish leather industry were paid hourly wages which were almost 47 per cent lower than those paid to their male colleagues.

Wage discrimination also seems particularly marked in the printing and publishing sectors. In Luxembourg, Britain, the Federal Republic of Germany, France, the Netherlands and Denmark, average wages earned by women were 25 to 39 per cent lower than those averaged by men.

But discrimination is not just limited to the leather, printing and publishing sectors. Statistics show that, in a number of industries, women continue to earn lower salaries than their male counterparts. Belgian women working in the metal processing industry earn 33 per cent less than male workers, and Italian women workers in the oil refining industry get 22 per cent less than their male colleagues.

How many women in work?

	Female activity rate, 1979		
	% of all ages	% rise since 1970	as % of male activity rate
Denmark	44.4	7.5	57.2
US	38.4	8.3	69.4
Japan	36.7	1.3	60.9
UK	35.8	4.5	61.7
France	32.3	3.4	60.8
Germany	31.1	0.8	57.2
Italy	25.4	3.5	48.4
Netherlands	21.9	3.1	42.9
Spain	20.7†	3.4	40.5
Ireland	18.0	1.4	35.9

Source: Lloyds Bank Economic Bulletin

Shipbuilders wait for a turn of the tide

Shrinking demand for ships, a slump in world trade and tough competition, particularly from Far Eastern producers, has forced the European shipbuilding industry to cut back its productive capacity by a quarter since 1976. But, despite widespread yard closures and a huge number of redundancies, Europe's capacity to build ships is still about 30 per cent larger than is needed to meet existing demand, according to a report just released by the European Commission.

The world recession and its depressing effect on world trade is the central factor behind the gloomy state of the shipbuilding industry. For the past two years total world production in all sectors has grown by less than one per cent in volume. Gross Domestic Product in the industrialised OECD countries only grew by 1.2 per cent last year, and in Europe it shrank by 0.3 per cent. World trade figures for 1980 and 1981 show a total increase of less than 3 per cent.

The international shipping community, which handles the lion's share of international trade, has been predictably hard hit by what has been, effectively, a six-year slump. Overcapacity and a lack of demand for sea transport have meant an 8 per cent drop in cargoes in 1980 and 1981, and a collapse of freight rates by as much as 50 per cent in some sectors.

Oil tankers fared particularly badly last year. The triple blow of a 6 per cent fall in oil consumption, an increase in oil output from areas close to the major areas of consumption (such as the North Sea), and the widening and deepening of the Suez canal to reduce the number of ships forced to use the Cape route – all this meant that the fleet carried 12 per cent less in terms of tonne-miles than in the previous years. There was a similar drop in tanker use in 1980.

Tanker sales to breakers' yards rose from 10 million tonnes (dwt) in 1980 to 13 million tonnes in 1981, and the number of tankers laid up soared from 6 million tonnes to a massive 24 million tonnes. Another 29 million tonnes were relegated for use as storage, compared to 17 million tonnes in 1980, despite efforts to save tonnage by transporting oil more slowly and therefore less efficiently.

Dry bulk carriers have suffered only slightly less from the slump than tankers. In 1981 the market remained virtually stagnant, with less iron ore, steel and coke transported, but more coal and grain cargoes, particularly to the Soviet Union. However, optimism about the future of the market, which brought orders for an additional 12 million tonnes of ships, looks to have been premature and has almost certainly swelled the fleet's overcapacity in the short term. The same problem now faces even the more specialised sectors, such as the roll on/roll off container fleets.

CHRIS LOM reports on the plight of one of Europe's hardest-hit industries

On top of the lack of world demand, the European shipping industry faces the additional problem of a rapidly declining number of ships flying the flags of Community member states. Fierce competition from the low-wage fleets of the newly-industrialising nations of the Far East and from Eastern Europe has brought a 12 per cent drop in vessels flying Community flags since 1979.

The impact on demand for ships caused by the slump in trade has been disastrous for European shipbuilding. European Commission officials are pessimistic about the future, despite some slight signs of economic recovery earlier this year.

Perhaps the most worrying issue for European shipbuilders is Japan's relaxation in 1980 of voluntary production curbs which were agreed with the European Community at the start of the crisis in 1976. The Japanese decision to remove the production quotas set by its anti-crisis cartel, and use every form of financing available to revitalise its industry, was directly at odds with the European approach.

Despite apparent second thoughts by the Japanese earlier this year, the implications of the move for European producers are serious. Because demand has remained stagnant, Japanese yards will be forced to look to Europe for new orders, so as to keep their newly expanded capacity in operation. And European yards, already undercut in a buyers market by low-cost Far Eastern producers like South Korea, may lose orders and therefore jobs.

In 1981 Japanese shipbuilders took about 41 per cent of new world orders – a little more than twice as many as Community yards. The Community's share of the market rose slightly, compensating for the slight fall of the previous year, but Japan's share dropped by about 5 per cent, reflecting the collapse of the bulk carrier market a year ago in May. Community shipbuilders' current worries, however, centre on what the Japanese and the South Koreans are likely to do in the immediate future.

Although European production, in terms of completed ships, increased by 10 per cent in 1981 – with the Federal Republic of Germany enjoying the highest growth rate, followed by France and the Netherlands – production continued to decline in the United Kingdom and in Belgium, where a long strike in the country's two main shipyards contributed to the industry's problems. Total production amounted to about 2.7 million tonnes or about 48 per cent of the 1976 level.

Orders depend heavily on European shipowners, who still generally place their business with shipyards in their own countries – with the notable exceptions of Greece and the United Kingdom. When orders go abroad, they generally go to non-member countries rather than to shipyards in other member states. Italy, Belgium and France currently buy nearly all their ships from their own yards. The Federal Republic of Germany and Denmark produce over 80 per cent and the Netherlands and Ireland almost as many. But the United Kingdom generally places less than 50 per cent of its orders in British yards. Greece, which despite its huge fleet has a relatively small shipbuilding industry, builds practically none.

Many more jobs would have been lost but for European yards diversifying into repair work, refitting, and the construction of offshore oil and gas installations. This is particularly the case in the Federal Republic of Germany, where such work now accounts for about half of the business of the average shipyard. The French, Italian, Dutch and British industries are trying to move in a similar direction.

Commission officials say the best way that shipbuilding in Europe can secure its future is by restructuring and becoming more competitive in the world market. At the same time, they emphasise the importance of exerting pressure on Japan and other exporting nations not to flood the present depressed market.

Community legislation aimed at helping restructuring is already under way, in the form of a 5th Directive on aids to shipbuilding, which came into effect in April 1981. The European Commission is also helping to finance a pilot study on standardising components used in shipbuilding and coordinating a continual dialogue between the two sides of industry involved in restructuring plans. Incentive measures designed to stimulate demand for ships built in Community yards are also under consideration, according to Commission officials.

News that the President of the European Commission has paid an official visit to India illustrates the developing relationship between that country and the European Community.

Mr Gaston Thorn's visit took place within the context of the Community's participation at the international fair in New Delhi in November. But there are other reasons why his visit came at the right moment. The Commission plans to open its own delegation in New Delhi. This year also marks the 20th anniversary of the opening of India's diplomatic mission to the EEC.

Why Europe and India are drawing closer together

Last month, Gaston Thorn paid an official visit to India, which has a special interest in safeguarding its exports to Europe. MALCOLM SUBHAN fills in the background to India's relations with the EEC

During the past 20 years India has presented the Community with something of a challenge. It occupies a unique place among developing countries, partly because of its sheer size – a population of some 700 million and a land area roughly twice that of the entire 10-nation European Community.

Also, India is the world's tenth industrial power and has the fourth largest pool of scientific manpower. This has enabled it to design, and largely build, such 20th-century technological hardware as a nuclear power station, space rockets and satellites.

On the other hand, India is also one of the world's poorest countries, with an estimated per capita income of $190, as compared with an average of $212 for the other low-income Asian countries.

It is not easy to establish an effective relationship with a country which presents such sharp contrasts. But it is hardly surprising that the Commission President should have paid an official visit to India last month. His predecessor, Roy Jenkins, did so. And Mr Thorn has been preceded by his vice-president, Wilhelm Haferkamp, who was in New Delhi in January, leading the Community's delegation to the regular meeting of the Indo-EC Joint Commission.

The relationship which Gaston Thorn will be celebrating began in 1962, when India decided to appoint an ambassador to the EEC. The decision was taken for practical reasons. Negotiations for Britain's entry into the six-nation Community were in full swing, and the task of India's first ambassador, Dr K.B. Lall, was to make sure that the country's exports to the UK did not suffer following the loss of Commonwealth preferences – the system under which Britain either reduced or waived import duties on goods from the Commonwealth.

Below: street scene in Delhi – capital of the world's tenth industrial power.

But in 1962 India was interested in much more than safeguarding its exports of tea and jute. Under the leadership of Jawaharlal Nehru it was undergoing an economic transformation, from a producer of raw materials into an industrial power. For Nehru, who described himself as an agnostic, the temples of the new India were to be its multipurpose dams, power stations and factories. It is science and technology, he declared, which have made other countries prosperous. And it is only through the growth of technology that India shall become a prosperous nation.

While his trade minister was concerned about the country's exports, Nehru himself was more interested, perhaps, in the prospects for scientific cooperation with a Community of six highly industrialized nations. If so, he would be pleased with the cooperation agreement which India concluded with the EC in 1981. It provides for industrial and scientific cooperation on a long-term basis and through fuller utilisation of each other's material, human and technological resources.

Over the years, India has developed a cordial relationship with the EEC. Its beginnings were not particularly favourable, however. With the collapse of the entry negotiations in 1963, the offer to India by the enlarged Community to enter into a comprehensive trade agreement simply lapsed. The Indians, however, persevered with their efforts to foster closer relations and in 1964 the Community agreed to let tea, a major Indian export, enter the Community duty-free. Bilateral agreements on jute and coir followed. At India's request the EEC opened duty-free quotas for its exports of handloom fabrics and handicrafts.

In 1971 the Community introduced its generalised system of preferences (GSP), aimed at promoting imports from all developing countries. India had played an important part in the talks leading up to the creation of the GSP. India has emerged as one of the main beneficiaries of the Community's GSP scheme. Although it is among the most competitive Third World suppliers for a growing

Continued on page 9

Britain in the Community 1973-1983

10 YEARS in Europe

On 1 January 1973, after years of hope and hesitation, the United Kingdom joined the European Community. In the decade since then, life in Britain has undergone significant changes. In this supplement we review some of the areas in which membership of the Community has made its mark, from trade and industry, regional aid and loans, to agriculture and social policy.

When the Community speaks with one voice...

□ Published as a supplement to the December issue of EUROPE 82, the magazine of the European Commission, 20 Kensington Palace Gardens, London W8 4QQ. Printed by Lawrence-Allen Ltd, Weston-super-Mare, Avon

"This tenth anniversary has a special significance for me. The new spirit and drive which the 1973 enlargement engendered must be maintained, encouraged and increased if we are to overcome the challenges of the 1980s. Rarely before has the Community been confronted with the need for so much action. This is why I have called for a 'second generation' Community, a Community which combines the wisdom of the founding fathers with new ideas and vigour.

There have, I know, been difficult moments. These are inevitable in the construction of a political entity like the Community which has risen from a Europe divided by war and conflict. There are centuries of tradition and culture to respect. Constructive idealism must always be tempered with political, and practical, realism. We cannot expect to create 'instant' Europe.

The past ten years have seen the Community grow. It will continue to do so. In future years it will be worthwhile to look back to January 1983 and chart the progress of the second generation Community. I invite all of you to play your full part in the development of this Community of yours. It is, after all, *your* Community and its success depends upon the sum of all your personal efforts."

– Gaston Thorn, President of the European Commission

A decade of controversy, challenges and change

It is now ten years since the United Kingdom entered the European Community. The great historical change which this entailed – perhaps the greatest alteration in the British constitution since 1688 – was imperceptible during the early years of membership. Gradually, however, this new relationship has come to affect the whole of British life, affecting economic decisions, bringing about new legislation, giving to foreign policy an entirely new dimension.

More and more, the British have become accustomed to a European dimension in national existence. Those whose business it is to make decisions or to plan ahead in the various sectors of national life have learned to allow for the new possibilities opened up by their membership of a wider market and a lasting association with other European countries.

These changes have not been accomplished without difficulties and discontents. In 1975 British membership was confirmed by a referendum which saw the British people voting to stay in the Community by 76.2 per cent to 32.8 per cent of votes cast in a 65 per cent poll. Since then the polls have shown a steady decline in public support for British membership, though recent polling suggests that, if the British people were again to be offered the choice of leaving or staying in, opinion would again divide along the lines of 1975.

Yet there is no disguising the fact that Community membership continues to be the subject of political controversy. This is not altogether surprising. Despite the adaptation to change that has gone on, ten years is too short a time for the new European dimension in British life to acquire that aura of habit which carries with it a sense of legitimacy. The fact that British entry in 1973 coincided with the first major reverse for the world economic system, caused by a sudden rise in oil prices, did nothing to help overcome prejudice against a new departure in national life. Though membership brought with it real economic gains, these were neither as great nor visible as had been anticipated.

The figures in the polls, and the political skirmishing, are not the only story. Beneath the superficial aggravation. profound changes are taking place in Britain under the influence of Community membership.

The most obvious is the change in the pattern of British trade. 43 per cent of British exports now go to our EEC partners (60 per cent go to Western Europe if the EFTA countries are added), of whom eight figure among Britain's eleven largest customers. Britain is, of course, still in deficit with its partners in manufactures. Nonetheless, the value of Britain's manufacturing exports to its European partners between 1972 and 1980 increased by far more than to other areas (480 per cent, compared to 237 per cent to Japan and 234 per cent to the United States). The result of this has been increased turnover for ports on the south and east coasts, changes in the location of industry and in the nature of exports.

UK's membership has attracted new inward investment

Moreover, membership has attracted to Britain investment from third countries, eager to place subsidiaries within the Community tariff barrier. In 1980 Britain received 58.8 per cent of American non-oil investment in the European Community, and 30 per cent of total American investment world-wide. Since 1969 Britain has attracted almost 50 per cent of Japanese investment in Europe. Thus, British membership of the Community has not only stimulated changes in its own pattern of industry, but has also drawn investment that is dependent on access to a whole European market.

British farmers have also been helped by Community membership. In 1972 Britain produced 63.3 per cent of its own indigenous foodstuffs. In 1980 the figure was 74.8 per cent. In the same year, 61.9 per cent of Britain's agricultural imports (food, feed and live animals) was covered by agricultural exports. As Britain's agriculture has expanded, so its share of money spent under the CAP has grown: from 3.3 per cent in 1973 to 10.3 per cent in 1980.

At the same time, Britain has constantly been in surplus with its Community partners in invisibles: a surplus of £645million in 1980.

All this is the real story of change, resulting from Britain's membership of the European Community. It is a change which includes countless connections established by British business with other enterprises in the Community, the setting up of subsidiaries and export agencies, the improvement of communications, the extension of banking and services. Since 1975 – for no firm moved before the result of the referendum – a silent, but considerable work of developing a new market has been going on, whose results are only now becoming apparent.

Without that process Britain would be far worse off economically than it now is. The Confederation of British Industries (CBI) estimates that 2½ million jobs depend on the European market.

British foreign policy, too, has been changed by membership of the European Community. In the informal 'political cooperation' meetings a common foreign policy for the member states is being elaborated, of which the most recent manifestation has been sanctions agreed (albeit not unanimously) against Argentina. British ministers now take into consideration the process of consultation and Community solidarity, which operates in most forums – the United Nations, the prolongations of Helsinki – where international problems are debated.

In trade talks, too – where the ten member states negotiate through the European Commission – the Community dimension means that Britain can add its weight to that of other countries to exert a greater influence in defence of British trade and industry than would be possible alone. Recent trade disputes with the United States show how much more effectively British interests can be safeguarded by acting in concert with our partners than by bilateral negotiation.

In the Third World, which includes so many Commonwealth countries, common action by the European Community on aid and development is welcomed

Greater influence in defence of trade and industry

In Newcastle, 40 per cent of the cost of training staff for the new Metro – £2.9 million – came from the European Social Fund.

by governments and peoples. The two Lomé agreements, now extended to 61 states in Africa, the Caribbean and the Pacific, are widely regarded as the most advanced model of relations between industrialised and developing countries. Participation in arrangements of this kind has enhanced Britain's reputation in the Third World.

Over ten years the external policy of the European Community has extended its scope, whether through common policy decisions in the context of 'political cooperation', trade negotiations or agreements on aid and development. Britain has aided this process, and its own foreign policy is now thoroughly involved in it. Through it Britain gains greater bargaining power than she would possess alone. To it Britain contributes age old experience of world affairs and diplomatic skills. A European dimension to British relations with the outside world is not so much an aspiration as a matter of fact, a new prop for British interests and a stimulus for British foreign policy.

So, over ten years, two prominent features of the European Community – the common internal market and the common external policy – have changed British life, providing greater opportunities and a safer market for trade and enhancing the power of British diplomacy through participation in a bloc which is capable of defending its own interests, both economically and politically.

These are two massive advantages which the European Community, in the ordinary course of its operations, has afforded Britain. Yet they are concealed behind a cloud of complaints and misconceptions which often concern relatively minor matters.

It is worth looking at some of these to see just how important they are. No one would pretend that the Community and its workings are perfect – indeed, the European Commission itself has recently suggested a far-reaching programme of reform. But it would be wrong to neglect policies that function normally and beneficially and to concentrate entirely on the problems.

What is the truth about some common complaints?

Food prices: these have increased by 293 per cent between 1971 and 1981. Of this only 8-10 per cent can be blamed on the common agricultural policy.

The Community budget: The problems raised by Britain's contribution to the Community's budget have until now been dealt with by ad hoc solutions. Under the agreement reached in May 1980, rebates were agreed for the UK which had reached £1,613 million by 30 June, 1982. According to British Government figures, the net contributions amounted to £947 million in 1979, £706 million in 1980 and £379 million in 1981, with a further big drop in 1982. These figures should be seen in the perspective of total government spending of more than £110,000 million, including £32,000 million on social security and £14,000 million on defence. Nonetheless, the Community recognises that there is a problem and work is under way to resolve it.

Food surpluses: We hear much about 'wine lakes' and 'butter mountains'. In fact, the stocks held of agricultural products sold into intervention are quite modest. Any rational system of agricultural support has to include some element of storing surplus supplies after a particularly productive harvest. The exception is milk products, where there is a structural surplus. The Commission is making efforts to deal with this by 'coresponsibility levies' and other means.

Harmonisation: So far from being merely a bureaucratic whim, the measures of harmonisation proposed by the Commission usually stem from three objectives: to ensure that goods can freely circulate in the Community's internal market (eg harmonisation of car safety standards); to protect the consumer (eg Community legislation on food additives); to protect the environment (eg legislation for clean beaches).

Bureaucracy: In November 1982 the size of the European Commission's staff was only 12,197 officials, more than a third of whom were interpreters or translators. This is less than the number of staff employed by some London borough councils.

Concern with the Community's 'human face' means help for the jobless

Since 1973 the Commission has been concerned with the 'human face' of the Community. A regional policy and a social policy have been develped as initial steps to the balancing of economic against social considerations. Regional policy is intended to benefit those areas of the Community removed from the main centres of economic activity. The social policy is principally concerned with the re-training of the unemployed and help to certain categories of disadvantaged workers.

Along with these policies, the European Commission has associated environmental and consumer policies which also have a social content. The problems faced here are such that they can only be dealt with on a European scale. How otherwise could pollution drifting across the North Sea be stopped, or the use of pesticides which destroy wildlife be forbidden? European countries are too close to each other for the fallout of modern industrial society not to cross frontiers.

Membership must mean identification with the Community. After ten years, it is surely time to contribute the best of British qualities towards the common future.

The UK's trade with the Nine is on the up-and-up

Trade with the other Community states now accounts for well over 40 per cent of the UK's trade with the rest of the world, and the individual member states, except Greece, are all within Britain's top twelve export markets. UK membership of the EEC has resulted in more trade taking place with the Community than with any other trading group.

To be precise, for the first two quarters of 1982, 42.9 per cent of the UK's world trade was with the other member states – 43.5 per cent of the UK's imports, and 42.2 per cent of its exports.

Total trade with the EEC for the first half of 1982 came to £23,916 million, with the UK's total for the world for the same period amounting to £55,741 million. In 1972, the year before entry, trade with the EEC was worth £6.3 billion, accounting for less than 30 per cent of the UK's world trade. Figures for 1980 show that the Federal Republic of Germany was the UK's biggest trading partner, displacing the USA that year. Just over 11 per cent of UK imports, and 10.7 per cent of exports, were from the Federal Republic. The Netherlands was the UK's third largest export market (8.1 per cent), and all the other EEC states, excepting Greece, were within the UK's top dozen markets.

Fears that EEC imports would flood into the UK and that British exports would not be able to compete in European markets were amongst the most prevalent anxieties in the UK at the time of accession. Indeed, the first few years of EEC membership did prove difficult for British industries; but since the mid-Seventies the situation has been steadily improving. For the first half of 1982 exports, expressed as a percentage of imports stood, at 91.2 per cent, with a ratio of over 90 per cent being maintained during the Eighties. The lowest point was the 71 per cent ratio in 1975, and the highest 104 per cent in 1980 which equalled the ratio in 1970. This ratio, which gave the UK a £700 million surplus on trade in 1980, was in part because recession hit Britain earlier than other member countries, damping down imports while offering buoyant export opportunities. In 1982 the reverse situation seems to apply – British consumers' spending is growing, while export markets are subdued.

Between 1972 and 1980 the value of exports to the EEC rose at an average annual rate of 28 per cent, compared with a 24 per cent average annual rate of increase for imports. Exports and imports to non-Community countries both rose by an average of 19 per cent per annum during the same period.

Accession to the European Community has involved the UK in building the largest trading bloc in the world

During the first half of 1982 exports to the EEC were worth £11,470 million, and imports from the EEC £12,446 million, giving the export/import ratio of 92.1 per cent. Imports in 1981 were valued at £21,746 million. Export figures for the whole of 1981 are incomplete due to last year's civil service service strike, but for quarters two and four came to £10,570 million. Imports for the same two quarters of 1981 came to £11,239 million.

The current trade position on a balance of payments basis shows a £976 million deficit on visible trade for the first half of 1982. At the time of UK entry to the Common Market, visible trade showed a deficit of £1.4 billion. In 1980, when the UK was £700 million in the black, a surplus was produced for the first time. Statistics are incomplete for 1981, but there was a deficit of £669 million in quarters two and four. In the invisibles sector there has been a surplus on trade with the Community each year since accession, figures for 1980 showing a £645 million surplus. In 1973 at the time of entry the surplus was £440 million.

Looking more closely at the specifics of trade, the impact of EEC membership on the UK's manufacturing sector has been hotly argued about. Between 1972 and 1980 the value of UK exports of manufactures to the Community rose by an annual average of 24 per cent. This compares to 18 per cent per annum to non-Community countries. For the first two quarters of 1982 the export/import ratio was 75 per cent, showing a deficit of £1,117 million. The last quarter of 1981 produced a ratio of 77 per cent, a deficit of £1,014 million. In the six months to April 1982 there was an average monthly crude deficit in manufactures with the Community of about £400 million. 1980 saw an improvement in the manufactures export/import ratio to 88 per cent. The deficit that year was £1,765 million.

There are several interesting points about the inability of UK manufactures to fully penetrate the EEC export markets. One is that the deficit in manufactures can largely be traced back to a few sectors. For example, road vehicles accounted for more than 60 per cent of the deficit in manufactures in 1980. The steel dispute during the same year badly disrupted exports, producing a crude deficit of £562 million. Another is that, amongst the sectors within the manufacturing grouping, are some noticeable success industries. Chemicals and related products, office machinery, telecommunications, professional and scientific instruments all showed a surplus

Total trade (Visibles) with the Community in £ billion

Year	Exports	Imports	Total	Balance
1970	2.4	2.3	4.7	+ .1
1971	2.5	2.7	5.3	– .2
1972	2.8	3.4	6.3	– .6
1973	3.8	5.2	9.0	–1.4
1974	5.5	7.7	13.2	–2.2
1975	6.2	8.7	15.0	–2.5
1976	8.9	11.2	20.1	–2.3
1977	11.7	13.6	25.3	–1.9
1978	13.4	15.9	29.2	–2.5
1979	17.3	19.9	37.3	–2.6
1980	20.4	19.7	40.1	+ .7
1982 to June	11.5	12.4	23.9	– .9

Balance of Payments basis source: Department of Trade.

Why have British manufacturers failed to penetrate fully the Community's export markets?

for that year.

But the UK's export performance in manufactures deteriorated much more sharply, both to the EEC and to non-Community countries, before 1973, the year of UK entry to the EEC. Tracing the export/import ratios for manufactures back to 1962, UK exports in this field to the EEC states fell by around 75 per cent between 1962 and 1973. Similar exports to non-EEC states fell by approximately 120 per cent. Between 1969 and 1973 UK exports to the EEC fell by 45 per cent, and by 50 per cent between 1971 and 1973 to non-Community countries. The overall downward trend in exporting has been closely parallel both to the EEC and to non-Community states. It would seem to indicate a lack of competitiveness in the manufacturing base, one most keenly felt before UK entry to the EEC.

The well-being of British manufacturing industry has caused great concern for twenty years. It is interesting to see how the balance of trade developed for manufactures during that period. The figures suggest that Britain was losing its competitive position more rapidly in the decade before 1973 than in the ten years since.

Britain's world export performance in manufactured goods deteriorated seriously in the ten years prior to British entry into the European Community. It also declined more quickly for export to non-Community countries than with its future partners. Tracing the ratios of exports to imports of manufactured goods back to 1962, we find that in that year the ratio for trade with non-Community countries was 250 – in other words, every £100 worth of manufactured imports was matched by £250 of exports. By the end of 1973 the ratio was down to 132.

Since 1973 exports of manufactured goods to the rest of the Community have maintained their position against imports much better than exports in this field to non-Community states. A House of Commons written answer on 9 March 1981 showed the manufactures export/import ratio the UK had with Japan fell from 48 per cent in 1973 to 28 per cent in 1980, and with North America from 96 per cent to 66 per cent for the same time span. Comparable figures with the EEC were 87 per cent to 86 per cent.

British exporters' percentage share of import markets

	W. Germany	France	Italy	Netherlands	Bel/Lux	Denmark	Ireland
1973	3.5	4.7	3.4	4.6	6.6	11.1	50.8
1980	6.7	5.4	4.4	8.2	8.1	12.1	50.8

Source: Department of Trade

Although the UK manufactures export/import ratio for the first quarter of 1982 with the EEC states fell to 75 per cent, this is clearly much less of a decline than the 20 per cent drop in percentage points suffered by the manufactures sector with Japan during the Seventies, and the 30 per cent drop sustained in the North American markets.

Perhaps one of the greatest benefits EEC membership has given British industries is the opening-up of export markets within a stable trading group. Political changes within the individual member states do not result in disruption to trade within the EEC – neither can trading regulations be imposed unilaterally. This is not always the case elsewhere. In 1979 exports to Iran and Nigeria were badly hit by political changes in Iran and changes in import regulations in Nigeria. Shipments to the two countries fell by £1.8 billion that year.

Non-Community countries are among the UK's best customers

Today Britain accounts for around 4 per cent of world trade – small by comparison with the United States (11 per cent) or the European Community as a whole (16 per cent). But that external trade represents for Britain a much higher proportion of economic activity or gross domestic product – some 30 per cent of our total national income.

Though Britain remains one of the world's major trading nations, its balance of trade has changed over the last decade. Britain no longer exports the majority of its goods outside Europe. Western Europe takes some 55 per cent, the rest of the Community alone over 43 per cent. Britain does as much trade with the other member states as with the entire rest of the world. It is important, therefore, to put non-Community or 'third country' trade into context.

Britain's trade with each of the member states (except Greece) individually, for example, exceeds that with the whole of Latin America. Trade with Denmark is more important than that with Canada, and twice that with Japan. Exports to the Middle East and North Africa put together are less than to either France or Italy. Eight of Britain's nine Community partners are amongst its top 11 export markets; 10.7 per cent of UK trade goes to West Germany, compared to Nigeria (2.5) Australia (1.7), Canada (1.6), Japan (1.3) or Hong Kong (1.1). The Netherlands market is six times as large as Japan, Belgium/Luxembourg four times the size of Hong Kong, Italy four times that of India. As a result, even small regions of the Community countries are important. Total UK trade with the Nord/Pas de Calais region, for example, roughly matches our trade with Brazil and Mexico combined.

That said, however, the remaining 42 per cent of Britain's trade is with the world outside Western Europe, and as such is subject to a single customs tariff barrier which is common to all Community members. The conduct of this trade, moreover, is under the EEC Treaty a Community matter: it is the Community which negotiates international trade rules, arranges customs procedures and import restrictions, and ensures protection against unfair foreign competition. The Community as a whole negotiates trade agreements with individual third countries on behalf of the member states.

Because the Community, from the outset, was given responsibility for negotiating the common customs duties, it immediately assumed a major role in the world's international trading organisations and conferences. Long before Britain joined in 1973, the

The port of Ipswich this year received its first visit from a Libyan vessel. Commerce outside the Ten embraces most of the world's trading nations.

Community was acting on behalf of its members within the framework of the General Agreement on Tariffs and Trade (GATT) and various international commodity agreements, and as an observer at the United Nations Commission on Trade and Development (UNCTAD) and Organisation for Economic Co-operation and Development (OECD).

During the ten years since British accession, great changes have taken place, not just in our own trade but in the pattern of world trade generally. Two massive oil price increases have brought world-wide inflation, a slowing-down of economic activity and in its wake the worst world recession for half a century. The result has been increasing demand for import controls and other protectionist measures, all of which the GATT was constructed to make obsolete. Our adherence to GATT commits us to a series of rules forbidding both direct and indirect protectionism.

The most important of these concern subsidies and dumping, or the selling of goods abroad at prices below their normal value at home. Responsibility for investigating complaints of dumping, and for imposing anti-dumping or countervailing duties on most products, passed, for Britain, to the Community on 1 July 1977, at the end of the transitional period. It is the Commission, therefore, which polices the application of the GATT legislation in the member states. An industry making a complaint must show to the Commission's satisfaction that the goods concerned are being sold at such a price as to cause injury, or threaten to cause injury such as unemployment, short-time working, loss of profits, price depression or excessive market penetration.

Under the EEC Treaty, commercial relations between member states and 'third countries' are a matter for the Community, so it is the Community which negotiates trading and co-operation agreements between each such country and the Community as a whole. More than 100 countries have diplomatic representation in Brussels, and these commercial relations now embrace the vast majority of the world's trading nations. Member states retain responsibility for matters such as technological co-operation (agreements on which with the eastern European countries often have a commercial flavour) and the organisation of trade fairs and delegations.

Commercial relations between member states and third countries are a matter for the EEC as a whole

Western European countries outside the EEC benefit from the Community's decision in 1972 to sign simultaneous industrial free trade agreements with remaining EFTA members. There are a wide ranging series of financial, trade and co-operation agreements with nearly all the Mediterranean states. Regular commercial relations have long been established with the major industrialised democracies, and for Canada at least have been transformed onto a bilateral contractual basis. The strength of these relations has withstood occasional difficulties with former major UK trading partners such as Australia and New Zealand.

It was the Community's first enlargement, to include the United Kingdom, that triggered off much of this achievement in external relations, as many of these agreements were specifically designed to help meet problems arising from the loss of old Commonwealth preferences. The success of these relations, and efforts to deepen them further during a period of growing apprehension in international trade, illustrate the importance of the Community in the eyes of those outside it.

Agonies of the steel industry – and support for the Plan

The European Community's action on steel sales to the United States has been headline news for the last few months. The negotiations conducted on behalf of the Community's steel industry resulted in an agreement with the Americans in October, which led the US to drop the fierce import levies proposed on sales of European steel in return for a system of export quotas on sales to America agreed between the Community's member countries, and special arrangements for tube and pipe exports. It was a welcome relief for British Steel.

Battered by slumping demand, price wars and a rising tide of cheap imports, most steel companies have suffered unbelievable losses. British Steel Corporation, for example, has shown a pre-interest profit only three times since Britain joined the EEC. In the last four years its losses have been £309 million, £545 million, £668 million and £358 million. BSC and the private sector have also had to conduct massive surgery to their operations, closing plants worth billions of pounds and eliminating more than 100,000 jobs since 1979.

This is certainly a distressing story. But no knowledgeable person would blame it on the existence of the European Community or, so far as Britain is concerned, on the fact that Britain is a member. On the contrary, steel industry officials are inclined to argue that things would be a lot worse if the Community were not there and Britain were not a part of it. It is also worth considering whether or not the Community would have held together if the member governments and the European Commission had not come to grips with the steel crisis.

The steel industry occupies a special place in the European Community, presumably because it has always been considered a fundamental sector for any industrialised country, but also because it employs so many people and absorbs considerable amounts of government funding, directly and indirectly. This special status is recognised in the existence of a specific statute, the Treaty of Paris of 1951, which covers coal as well as primary steel products, and which provided for the creation of the European Coal and Steel Community (ECSC). Predating the more comprehensive Treaty of Rome by six years, the Treaty of Paris is remarkable for its federalist thrust. Whereas the later Treaty would tread gently on national

Steel's special status is recognised in the Treaty of Paris, which dates from 1951

government's powers, the Treaty of Paris claimed for the ECSC's institutions great autonomy.

The Council of Ministers is the ultimate authority in the ECSC. With its approval the Commission can set mandatory production quotas and set prices. The Commission also has the right of veto, in advance, of any projects for expanding plant capacity and of any corporate mergers in the sector. There is no reference back to individual governments for ratification of decisions as is often required under the Treaty of Rome.

During its first 20 years of operation prior to Britain's entry, the ECSC aroused little controversy and its powers were never really tested. Indeed, no one ever thought they would have to be used. The steel industry was healthy and growing, and the Commission was inclined to turn a blind eye to the one widespread infringement of the Treaty provisions – the subsidising of steel companies by national governments. There was a general aura of calm as the British steel industry prepared in 1972 for entry. In Britain, the two main concerns – and how quaint they appear in retrospect! – were the supply of scrap and the prospect of higher prices for steel products. There was also a minor technical problem over the way prices were structured in the ECSC.

Perhaps the most significant feature of the British steel industry in 1972 was that about two-thirds of it was nationalised. No other major steel company in the ECSC was owned by a member government; and BSC, upon entry, would become the Community's largest steelmaker.

At Deeside, as in other stricken steel areas, ECSC funds have helped to cushion the shock of closure.

One of the objects of the nationalisation of Britain's 14 largest steel companies in 1967 was to control the price of steel, partly as an anti-inflation measure and partly as an indirect aid to manufacturing industry. Both Labour and Conservative governments exercised this power vigorously. As Britain entered the ECSC in 1973, BSC prices were substantially lower than those of continental competitors. On general engineering plate, for example, a 50-tonne lot from BSC cost £67.70. In Germany the price was the equivalent of £92.30, and in France £83.70.

On joining the ECSC, however, the British government was putting itself in a curious position. It was, in effect, agreeing to renounce its own legislative powers of fixing the UK steel prices in respect of a company which it owned. However, BSC, which had been chafing under the pressure of UK price controls, was only too happy to join the new regime. Its directors looked forward to building up a healthy cash flow to fund a big part of their ambitious modernisation plans.

The private steel companies were pleased, too. Since nationalisation, they had felt like second-class citizens, forced to follow the low price levels that the government was directing BSC to charge, while receiving none of the moral and financial support that BSC was getting. Within days of entry to the ECSC, the British Independent Steel Producers Association (BISPA) was taking action under Article 66 of the Treaty against alleged unfair pricing practices by BSC. At the time, the Conservative government had imposed a stiff anti-inflation programme, and was strongly opposed to seeing UK steel prices rise to continental levels immediately. The European Commission was sympathetic and looked the other way while a price freeze persisted for the first four months of 1973 in the UK. Then, in May 1973, there was an average 9½ per cent increase followed by an 11½ per cent rise in November. After that, no more was heard about a pricing problem until two years later, when the industry's current crisis began to develop.

The scrap problem, too, was short-lived. In the early 1970s, when the demand for steel was growing rapidly, British steelmakers lived in constant fear of a shortage of scrap. They managed to convince the government to outlaw scrap exports. This was helpful, but it also had the effect of depressing UK scrap prices compared to continental levels, much to the annoyance of the UK scrap trade.

The Commission looked the other way while a price freeze persisted

With entry into the ECSC, the barriers would have to go down, although the British negotiators managed to secure transitional arrangements. It was feared that opening up the scrap trade immediately would add £30 million to the UK steel industry's costs. But again, such fears proved transitory. By mid-1975, the steel and scrap markets were so soft that BSC dropped 100 of its 300 regular scrap suppliers.

British Steel's ambitious plans for expansion

Perhaps the most interesting question that arises from the early 1970s is the effect of ECSC entry on the British steel industry's decision-making on modernisation and expansion projects. This was the period when western steelmakers were beginning to imitate the great logistical advances in steelmaking perfected by the Japanese. The emphasis was on huge primary iron and steelmaking works, whose output was keyed to adjacent rolling mills that would turn out long, efficient runs of flat or long products. The works were located on coastal sites, where cheap bulk carriers brought in vast supplies of iron ore and coking coal. The French were building such works at Dunkerque and Marseille, and BSC wanted to build one on Teesside. This was the centrepiece of an ambitious expansion and modernisation programme that the Corporation was promoting in 1972.

There was widespread confidence within BSC that the Corporation was going to take over Europe by storm, outselling its complacent continental rivals with ease. Both BSC and GKN acquired continental steel stockholding companies shortly after joining the ECSC, but neither company has ever made much headway in European markets. This helped to create a sense of urgency about the consideration of the expansion plan. After 1 January 1973, any expansion project would have to be approved by the Commission, and there were fears that other governments would put pressure on the Commission to cut back BSC's designs. So it was that on 27 December 1972 the British Government gave formal approval to BSC's £3 billion plan, a plan that was to prove desperately ill-conceived only three years later.

The newly-appointed commissioner for industry, Viscount Etienne Davignon, called a summit meeting in March 1977 and said publicly, for the first time, that the problem for steel was long-term and structural in nature, and that imports were a marginal issue. European producers had no choice, he said, but to cut capacity and modernise remaining plant if they were to survive.

The Davignon Plan met with mixed results over the next three years depending on the state of the market. But from the time he arrived, the Commission was always on top of the situation, if not ahead of the understanding of some companies and governments of the seriousness of their plight. Conditions took a sharp turn for the worse in late 1979 as a result of the second oil crisis, but the impact was camouflaged in the early part of 1980 by the three-month strike at BSC. However, by the autumn of 1980, demand had slumped so badly that prices collapsed and a 'manifest crisis' was finally declared in November. Total consumption in the ECSC countries fell 8 per cent in 1980 to 103.6 million tonnes, and a further 8 per cent in 1981 to 95.8 million tonnes, the lowest combined level by these nine countries since the 1950s. In July 1981, price discipline was added to the production discipline. Since then, prices have risen by about 25 per cent.

Steel consumers are arguing for fair application of the Davignon Plan

The dominant view in Britain today is that the steel industry is better off than if it were outside the ECSC, or at least not as badly off. Even steel consumers, who have had to bear artificial movements in prices and supply, have been patient. The British Iron and Steel Consumers' Council has been complaining that the sharp price rises of the past year came at a particularly difficult time for manufacturing industry. Many manufacturers have not been able to pass on the full effect of the increases to their customers. But the steel consumers understand the gravity of the steel crisis. They are not arguing for lower prices – only that the Davignon Plan be pursued faithfully, so that the panoply of controls can be removed and a free, competitive market restored as quickly as possible.

Success – and setbacks – in cleaning up the environment

In the past ten years, environment policy has proved to be one of the success stories of the Community – and perhaps for that reason has been rather neglected by the media. It has demonstrated that, when the political will exists and the circumstances are right, the Community has the ability to take on new tasks and to carry them forward – even in the absence of a specific mandate to do so in the Treaty of Rome.

While other areas of Community policy specifically provided for in the Treaty have been running into difficulties, the Council of Environment Ministers has been able to make solid progress, and with surprising regularity has produced legislation of considerable importance. For some countries, indeed, Community legislation has now come to provide the basic framework for national legislation which previously may have hardly existed.

For Britain the picture has been rather different. The country that first experienced the industrial revolution can count industrial pollution as one of its inventions, and it is no surprise that Britain was early in the field with measures to counteract pollution and protect the environment. Because the 'environment' has only recently been thought of as a single subject – acquiring a new meaning in the process – it is easy to forget that the great bulk of modern British legislation on many aspects of the environment predate the growth of public interest in the 1960s and the naming of the new Department of the Environment in 1970.

Thus the present powers to control river pollution are to be found in an Act of 1951; air pollution in major Acts of 1906 and 1956; noise in an Act of 1974 which largely repeated measures in an Act of 1960. The only aspect of pollution control that had no special legislation until the 1970s was waste disposal, but even that is still partly controlled by Public Health Acts which date back to the nineteenth century. The control of the Pollution Act of 1974, remarkable as it is for its potential to remove the excessive secrecy that has prevailed over industrial emissions, is in surprising measure a consolidation of previous legislation.

The fact that it is still not fully in force is both an indictment of successive governments since the early Seventies and also a tribute to the effectiveness of the earlier legislation that is still being relied upon. No new major legislation has had to be introduced to implement Community directives.

The Community has powers to pass laws that are binding on all ten member states

Even outside the narrow field of pollution control we find that environmental legislation is hardly new. Thus it was the great Town and Country Planning Act of 1947 that introduced the need for planning permission for any new development, at least partly for environmental reasons, and it was an Act of 1949 that allowed the creation of national parks. Important aspects of nature protection legislation were also in place, and ancient monuments, historic buildings and areas of character were all protected before the 1970s.

So when Britain joined the Community in 1973 there was general confidence that this was a field where it would be able to make a significant and constructive contribution. The reality turned out to be different. Within three years a row broke out when Britain alone refused to agree an important directive concerned with water pollution. Britain, which had hoped to be a leader, found itself accused not only of preventing the cleaning of Europe's rivers, but almost, at times, of being the 'dirty man' of Europe. The scars of that conflict are largely healed now that the reasons for it are better understood, and there are certainly substantial areas where no problems of this kind have arisen, and several where Britain has indeed been the leader.

More than one reason underlay the conflict that erupted in 1975 and there was at least some justification for the charge that Britain was simply being obstructive for reasons of economic self-interest. But a more complicated reason was the quite distinctive tradition of legislation in this country, compared with many others.

The importance of legislative tradition has to be emphasised, because of the central role played by legislation in European Community affairs. Unlike any other international organisation, the Community has the ability, by reason of its own institutional structure, to create legislation which is binding on its member states, and which can be enforced by the European Court. Unlike other inter-governmental organisations which may reach general agreements of principle and make declarations of intent, the decisions of the Council of Ministers of the European Community have to pass the acid test of being capable of being put into practice by the member states. Hence the importance of Community legislation being compatible with domestic legislation; and hence the difficulties created by differences between British and continental styles of legislation.

One characteristic of British legislation, at least in the environmental field, is that it is normal to place a duty on an authority (perhaps a local authority or a central government agency) to achieve certain ends, to give to that authority powers to carry out the duty, but then to leave to it a great measure of discretion as to how that desired end is to be achieved. British environmental legislation also has a tendency to caution, with only small steps being taken at a time, and with care being taken that demands are not made that cannot be realised.

At its best this pragmatic approach (the word is much used) can be very successful. At its worst, it is open to the charge of being unprincipled and of allowing vested interests to dictate the pace of change. For the system to work well there has to be a consensus between government and governed and close collaboration between them: this has always been the essence of the British democratic tradition. In other countries it is much more common for legislation to be used to force the pace, sometimes making demands that cannot immediately be achieved, but with time-

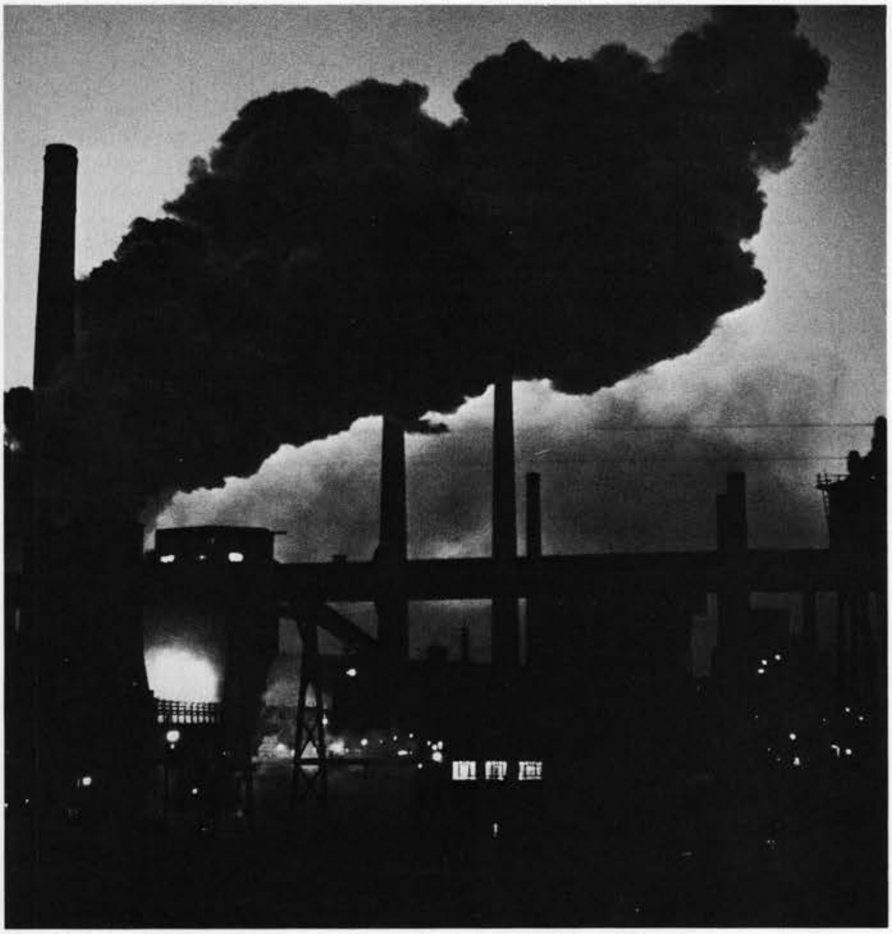
UK governments have failed to act on air pollution control

tables for doing so and with pollution levels centrally specified.

It was precisely on this point of legislative flexibility that the dispute between Britain on the one hand and eight member states and the Commission on the other, broke out over the directive on the discharge of dangerous substances to water. Should emission limits be set centrally, so a minimum standard would apply throughout Europe and industrialists and the public know where they stood? Or should local regulatory bodies have discretion to relax these, depending on local circumstances? With the Rhine and other rivers crossing national frontiers, centrally fixed limits seemed the only solution; but Britain would not accept them. In the end a compromise was agreed. But the result has been that Britain has been forced to be much more explicit about its methods. Much of the other Community legislation on water pollution – and it is an area where the Commission has been particularly active – will be likely to have rather little effect in Britain, with the possible exception of a directive specifying standards for the quality of drinking water, which is only just coming into force.

Community legislation has introduced a wholly new principle into British air pollution control – a principle which had previously been recommended by the Royal Commission on enviromental pollution, but which the Government had failed to act upon. Industrial emissions are controlled in Britain by the Alkali and Clean Air Inspectorate, who have to ensure that individual industrial plants use the best practicable means for reducing emissions. Local authorities also have responsibilities for some industrial emissions, and are wholly responsible for implementing domestic smoke controls. But air quality standards or guidelines had never previously been agreed so as to provide for abatement measures.

A Community directive now lays down maximum concentrations of sulphur dioxide and smoke in air, and another lays down maximum concentrations for lead in air. The directive on smoke and sulphur dioxide will act as a spur to the completion of the smoke abatement programme that was started following the Clean Air Act of 1956 and the great London smog of 1952. Not all parts of the country which need it are yet covered by orders effectively banning the burning of raw coal in open grates, and the directive will help to ensure an orderly completion of that programme.



The Community directive on smoke and sulphur dioxide will hasten completion of Britain's smoke abatement programme.

The Community has set maximum levels for smoke and lead in the air

Another directive sets an upper and a lower limit to the amount of lead in petrol, thus preventing any one government from unilaterally banning the sale of leaded petrol. The upper limit in the directive helped to ensure the reduction of lead levels by British governments while the lower was deliberately introduced with governmental encouragement to ensure that the common market for cars within the Community was not obstructed. The existence of this directive means that the current campaign in Britain for lead-free petrol will also have to be conducted in other countries if it is to be successful.

Waste disposal is a field where Community legislation has largely followed British models. One of the consequences of the strengthening of air and water pollution legislation is that there is now much more toxic waste, which previously would have been discharged to water or up chimneys into the air. Much more of it is consequently being transported across national frontiers, particularly as some countries have banned the disposal of toxic wastes on land. One Community directive already requires toxic wastes to be accompanied by notification forms identifying the waste, but these are not yet compatible as between countries.

Growing concern about the international transport of toxic waste, including an incident when toxic waste of unknown origin was brought to Britain from Holland by a company that subsequently went bankrupt, has now led to work on a new directive on control.

Instances like these show how membership of the Community has stimulated changes in British environmental policy. On the whole these have been beneficial. But Community legislation prevents Britain unilaterally from taking certain steps which otherwise it might wish to. Sometimes this is positive, by providing a stop against backsliding; in other instances it can prevent Britain moving forward alone, such as banning leaded petrol.

The next ten years will show whether the successes can be consolidated and extended to much more intractable problems, such as acid rain caused by long-distance airborne pollution.

Benefits and priorities of the Social Fund

The European Social Fund, curiously, is neither social nor a fund. Rather, it is a budget, within the Community's Budget, from which training and employment schemes are part-financed. The Fund's aims, set out in Article 123 of the EEC Treaty, are to 'improve employment opportunities for workers, and to contribute thereby to raising the standard of living . . . by rendering the employment of workers easier and . . . increasing their geographical and occupational mobility.'

The Fund provides financial support, in grants, to schemes that meet certain conditions for training and retraining, the re-settlement of workers who move to take or retain jobs, retraining of disabled workers to equip them for employment on the open-market, job creation for the young and over-50s, and vocational preparation for disadvantaged groups.

Only schemes and projects are eligible, not individuals, but private or voluntary organisations as well as public bodies. The former must, however, also attract support from some public authority (government department, agency, local authority etc.); the grant may match but not exceed the level of public support. For schemes run by public bodies, the grant may meet up to half the cost. In general, the money goes towards running costs, not capital or staff expenditure.

The Fund's resources are very limited, totalling some £700 million in 1982 or 7 to 8 per cent of the Community budget, and demand exceeds supply by over 200 per cent. The nine aid categories are therefore further weighed against guide-lines set by the Commission and projects classed by priorities.

The United Kingdom has always done well out of the Fund, despite its limited size, receiving £706 million, an average 24 per cent of commitments, over the years 1973-81. In 1981 receipts were £141 million (25 per cent), most of it for schemes in areas of high unemployment (ie, the assisted areas) and for young people. Examples include £60 million for 168,528 young people under the Youth Opportunities Programme, £9 million for 4,614 people on various Training Opportunities Programmes (TOPS) and over £25 million to help handicapped people enter open employment under various Manpower Services Commission projects. Most of the rest went to several hundred much smaller schemes put forward by local authorities, charities and voluntary groups.

Social Fund money helps pay for schemes that would otherwise be paid for by taxpayers

The effects of these grants are difficult to quantify. The £130 million received in 1979, for example, is estimated to have affected over 320,000 people though not all of these will have found jobs as a result. Certainly, as well as being a receipt from the Budget, Social Fund money helps pay for schemes that otherwise would have to be met entirely by the tax- or rate-payer. The Prime Minister, Margaret Thatcher, emphasised that the gross costs of the Youth Opportunities Programme and other measures in the 1982-83 financial year would be 'partly offset' by support from the European Social Fund. More recently, Mr Norman Tebbit, Employment Secretary, announcing the new Youth Training Scheme from 1983, declared: 'In deciding the resources required we have assumed substantial assistance from the European Social Fund.

Just as significant, perhaps, though less obvious, is the educational effect of the Fund's existence on local authorities, some of whom have emphasised that the projects they have submitted for approval would not take place at all unless support was forthcoming.

One of the major worries about the Fund is the extent to which it is always liable to be taken for granted. It is not a quota fund, and therefore no single member state, or region within a member state, has a right to any proportion of it. The amount of money allocated depends on there being suitable proposals involving new expenditure. This is always likely to produce some tensions when so much of the Fund goes to government. Are the proposals really new? Could they and would they be implemented without the Fund? Is the Fund in danger of simply being clawed into the Treasury to pay for things which were already planned?

There are two safeguards: the first is that, while programmes against unemployment are growing at their present

Funds from Europe encourage youngsters to involve themselves in local community work, as here on Tyneside.

rate, large chunks of the expenditure must by definition be 'new', and the second lies in the way that the Fund itself works.

A key objective of the Social Fund in its next period of development is almost certain to be assisting member states to implement systems of guaranteed vocational preparation and training for all their school leavers. The Social Fund has already played a part in helping Britain towards such a guarantee, which is implicit in the Youth Training Scheme due to get fully under way during 1983. If the Fund does continue with this objective, it can expect to continue to be seen as a valuable support to whatever the Manpower Services Commission develops, especially in the areas of highest unemployment. It should also be able to expect that British experience can be made of use to other member states facing equally high levels of unemployment, and meeting them with new approaches to training and work creation.

The Commission seeks an increase of 45 per cent in the Social Fund

There is also general agreement among those with close contact and responsibility for the Fund that the next period of development will present a number of crucial questions. How much of the Fund can and should be taken up by local authorities with increasingly ambitious employment development packages? And how far into the future will it be for the Fund to support each initiative? And is there any way in which the currently rather disappointing rate of applications from British voluntary organisations can be improved? The voluntary sector appears to be well informed about the Fund, but to find its criteria and priorities too restrictive. An increase in the availablity of experimental pilot project funding may improve this position.

The Commission has lately decided to ask for an overall increase of 45 per cent in the total size of the Social Fund. This would bring it up to 1,800 million ECU, or about £990 million. Within that the Commission is proposing a 59 per cent increase in allocations to assist with training for the new technologies. A substantial increase in the amount of money available for experiemental pilot projects is also envisaged. These changes are entirely in line with the priorities suggested by the British Government.

Ups and downs in Britain's textile industry

Britain's membership of the European Community has provided a totally new framework for the British clothing and textile industries. Britain's joining the Community has given these industries more open access to continental markets – which the clothing industry in particular has exploited. But, by the same token, the strength of import competition on the UK domestic market has intensified. In 1972 less than 30 per cent of Britain's textile and clothing exports went to the other member countries; by 1980 it was virtually half.

In the last ten years the Community as a whole has developed a complex textile trading policy towards the rest of the world. The Multi-Fibre Arrangement with developing countries has now been negotiated for a third five-year period (although doubts remain over the subsequent negotiations with individual suppliers), providing a predictable level of imports from low-cost suppliers in the face of the far-reaching changes and high level of redundancies in the European industry.

Trade relations with developed countries such as the United States are also managed on a Community basis, particularly through the Community's anti-dumping arrangements – applied last year on various American products.

Total UK exports of textiles and clothing stood at £590 million in 1972. By 1976, this had grown to £1,356 million. Imports in 1972 were £589 million and by 1976, had risen to £1,595 million. By 1980, total UK exports had risen to £2,171 million of which £808 million was clothing, but imports were up to £2,775 million of which £1,231 million was clothing. Britain's trade with the Six in 1972 was £175 million for total UK textile and clothing exports compared to £189 million of imports. By 1976, Britain was exporting £538 million to EC countries and importing £577 million from them, but by 1980, the figures were £1,071 million for exports and £1,103 million for imports – almost in balance.

British textile producers had initially been very enthusiastic about the new large home market offered by the Community and a number of UK companies invested heavily to take advantage of it, but by the late 1970s many had become disillusioned with opportunities in the Community. Exports of British clothing to other Community markets were doing much better than exports of textiles, but they were not as successful as had been expected. Nonetheless, the trade statistics show the growing importance of the Community market. The growth in business has been remarkable. Two-way trade in textile fibres more than trebled between 1972 and 1980. Trade in actual textiles was up five-fold and trade in clothing up more than seven times in money terms. Exports of fibres grew more quickly than imports (an export/import ratio of 127 in 1972 and 165 in 1980); on the other hand actual textile imports grew faster than exports, with an export/import ratio of 92 in 1972 and 80 in 1980.

It is in clothing that the growth of exports has been fastest. In 1972 British exports to other member states were worth 94 per cent of imports. By 1976 exports had overtaken imports, at 112 per cent, and by 1980 were up to 138 per cent of imports.

In industries as politically sensitive as clothing and textiles, the importance of Britain's place within the Community, with access to the whole common market, is plain enough. This market now accounts for half total exports of textiles and clothing. Recession has, of course, hit business in the last two years and the trade figures have deteriorated, but British exporters have proved the potential is there.

The UK has always had an open market and the distribution system for most textile goods and for clothing consisted in 1973 of a few large retailers with networks throughout the country, so it was relatively easy for producers from other

Some Community members benefit from 'outward processing'

British textile trade in the Common Market 1972-1980 (£ million)

Commodity	1972			1976			1980		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
Textile fibre	37	29	+ 8	97	79	+ 18	147	89	+ 57
Textiles	126	137	− 11	368	416	− 48	625	780	− 155
Clothing	49	52	− 3	183	163	− 20	446	323	+ 123

Source: Department of Trade and Industry

EC countries to break into Britain's domestic market fairly quickly. Most other member states had and still have more protected markets; this is why moving into the continental market has proved more difficult than many British firms had expected it to be.

Consumers in France and Germany, the two most important markets of the Nine, tended, even without regulations to encourage them, to buy goods produced at home in preference to foreign goods. The British, on the other hand, with their long tradition of free trade and familiarity with goods made abroad, often in the Empire, tended to buy whatever seemed the best value.

In June 1971 the clothing and textile industries in the UK employed well over a million people. By June 1980, these industries together employed only 667,000 and by June 1982, they employed fewer than 560,000. In terms of numbers employed, the industries have almost halved during the past ten years. As well as higher productivity, this reflects other factors.

In terms of internal competition on the textile side, Federal Germany is very competitive due to its outward processing, as is France to a lesser degree. The use of outward processing means that even if the product is largely make up outside the Community, but is finished in a member state, it can bear a label saying it was made in that state, while produced at a low price.

During the 1960s the British textile industry presented an example of successful concentration and it expanded faster than did the textile industries of the Six as a whole, though only at about half the rate of the German textile industry. Since then, however, British

Subsidies make UK producers feel they are forced to compete in unfair conditions

producers have lost out at home and in other EC markets both to low-cost producers from developing countries and, particularly since 1975/76, to cheap American imports of goods such as bed linen, man-made fibres and denim. This temporary surge in US imports, due to cheap American energy, seriously damaged a number of British companies which were forced to close down plants.

By the time the US threat had receded, this producing capacity had been lost, leaving a vacuum which has since been partly filled by exports from other member states and partly by exports from third countries. For British producers, 1980 was a year of extreme destocking. Overall production fell well below what it had been in 1975 – previously considered a bad year. Import penetration of the British market for textiles and clothing together rose from 54 per cent in 1979 to 59 per cent in 1980. By 1981, it had reached 65 per cent.

Aids and subsidies within member states are a matter of concern to Britain's textile and clothing industries. Although most sectors agree that state aids within the Community should be curbed, they feel at a disadvantage since most of the other member states show little or no sign of doing this. Italy is still increasing man-made fibre capacity, although the other member states have cut back theirs or at least stopped increasing it. Both France and Belgium have recently announced new schemes to aid their textile industries. Britain has challenged these schemes and the Commission is examining them.

Carnaby Street, London – a showcase for the kind of imports that have hit Britain's textile industry.

The new technologies: is Europe too late to catch up?

After a frustrating decade of banging its head against the brick walls of national and industrial conservatism, there are signs that in new technology, at least, the European Commission is making some progress in the demolition of national prejudices.

Europe's historic failure to mobilise its major asset in the nurturing of its technology industries – namely its continental scale – has long been seen as a key factor behind the widening of the technology gap between Europe and Japan and America. The point was recognised just six months after Britain joined the EEC, when Messrs Heath, Brandt and Pompidou agreed on the need to provide a new impetus for the development of collaboration in a range of activities – from environmental protection to the development of Europe's technology.

The recent announcement of such schemes as ESPRIT, designed to pool European research and provide technological leads for companies to follow competitively, reflects the change in mood of many European firms.

However, by the end of the 1970s there was little concrete achievement to show for the work being carried out in the corridors of the Commission in Brussels; and the plight of Europe's technology industries was clearly graver than ever. European-owned computer companies accounted for a mere 16 per cent of the world market, against 73 per cent for the US industry (the rest being Japanese). In the important 'peri-informatic' area (terminals and mini computers) the share of European companies fell from a third in 1973 to a quarter in 1978. With the European market accounting for one-third of the £17 billion world telecommunications market, a quarter of the £35 billion market for data processing systems and a fifth of the £3 billion world integrated circuit market, sales by European manufacturers have failed dismally to match European demand.

Now, the financial crises of major European technology firms, widespread redundancies in what should be growth businesses, and Japanese and American strategies for the coming decade have prompted most European firms to reconsider their traditional reluctance to communicate ideas and collaborate on projects. While the Commission in the 1970s nibbled away at the foundations of some unified strategy for new technologies, governments proceeded

Objectives are defined – but it seems that accord is hard to reach in practice

with chauvinistic policies aimed at boosting their national industries.

Procurement policies, the encouragement of structural change and protectionism (in the form of tariffs) were just some of the options open to governments, which effectively countered the Commission's initiatives to stimulate concentration of effort. Today, US and Japanese threats are so ominous, and the dangers so real, that companies and governments alike are seriously looking to the Commission as a vehicle for organising a more effective response than achieved by national policies.

Part of Europe's technology problem lies in the sheer scale of US and Japanese R & D investment. Bolstered by US government procurement, two wars, the space programme and a healthy tradition of venture capital, America's R & D expenditure outstrips the whole of Europe put together. Japan, meanwhile, probably forks out 50 per cent more than the largest European spender. Thus, it is hardly surprising to find that 80 per cent of European R & D is catch-up. America had the advantage of having invented many of the new technologies in which Europe now lags behind – notably in microelectronics, where in production of MOS (metal oxide semi-conductor)-technology integrated circuits, the building blocks of the new technology age, Europe is two to four years behind the US. As a result, a mighty 80 per cent of Europe's integrated circuits are imported.

The Commission's response to the deteriorating competitiveness of Europe's technology industries has largely been collaboration. In 1974, the Council of Ministers adopted a resolution for the development of a Community policy for data processing. Priority projects were established, such as feasibility studies on applications, and there was some collaborative research. The scale was minute – but they did help to establish the Commission's credibility in this area. There were also some interesting spin-offs such as CADDIA, a feasibility study on the application of information to imports/exports and agricultural markets throughout the Community; and STELLA, a joint project for high-speed data transmission.

The progress of the priority projects encouraged the Commission in 1976 to propose a four-year programme for Community informatics development. The first phase covered standardisation, coordination of procurement policies and some joint research. The second part was a scheme for supporting collaborative studies and development of commercial products in such areas as applications, software, peri-informatic and microelectronic components.

The outcome of the informatics strategy was characteristic of the member states' approach to concerted action. There seems to be a familiar pattern. First, budgets are pared down. Then companies or countries start raising objections to the detail – particularly in the light of national policies. Finally, whole chunks of policy are dropped. Subsequent programmes have proved equally frustrating. In the mid-1970s, the French and Germans looked willing to pool their microelectronics resources, at a time when the Japanese were just launching their first, ambitious VLSI (Very Large Scale Integration) programme. The nine leading European semiconductor manufacturers gathered together, and hinted at their acceptance of a common programme. Objectives were defined – but agreement was hard to reach, as individual companies each made their own demands.

The aircraft industry in the early 1970s provided the clearest example of a European technology industry requiring economies of scale in research, development, marketing and production. The Commission's role was important first in the harmonisation of export credit (of which Airbus Industrie is a beneficiary) and basic research; and a second, in proposing the establishment of a programme to develop a European family of aircraft, and for a European

While the EEC made a start on unified strategy, individual members went their own way

armaments agency to govern procurement.

While highly controversial, these proposals did find some effect. In 1975, the Independent European Programme Group was set up, uniting France with her European partners in planning arms procurement. And the concept of a family of aircraft was agreed to (and produced by Airbus Industrie). Perhaps more important, the Commission's presence was influential in helping British Aerospace, thwarted in its attempts to sew up deals with Boeing and McDonnell Douglas to join Airbus Industrie.

Such an example of the contribution the Commission *could* make in the stimulation of technology industries may have encouraged companies to think more constructively about collaboration. However, the direct impetus came rather from the recent realisation of a number of diverse threats from America. Certainly, the widespread redundancies among major companies like Philips plus the financial problems of firms like AEG Telefunken and ICL, have given cause for concern. At the same time, the major anti-trust cases in America, involving AT&T and IBM, have effectively given the two companies a free rein to expand their interests into formerly exclusive areas – like dataprocessing (for AT&T) and telecommunications (for IBM). Meanwhile, the GATT agreement, effectively prohibiting much procurement has seen US corporations like Burroughs take on national champions in former 'closed' contract races – like ICL (which has also been challenged recently by IBM over a £14 million contact from the Severn Water Authority).

The biggest stimulus to collaboration, however, has come from Japan – and its revelation in November 1981 of its plans for Fifth Generation computers. The plan is more conceptual than realistic, envisaging a computer with powers that emulate human speech, sight and hearing – and even decision making. However, the fear is that in reaching for the moon, the Japanese will produce concrete results along the way: and after years of catching-up, Japan is now setting about innovation.

The Commission's progress with the microelectronics and ESPRIT programmes are the highlights of a decade's struggle to promote closer co-operation between governments and companies in new technologies. Characteristically, it has been born out of crisis – and there is a real danger that Europe is simply too late to catch up. However – and more optimistically – it's quite clear that attitudes have changed.

How EEC trading standards look after the consumer

Thanks to the common market, trade in consumer goods and foodstuffs has expanded rapidly over the past ten years, bringing wider choice for the shopper and more competitive pricing. Food prices may have been pushed up marginally, but the range of foods in Britain's shops has increased, particularly of cheeses, processed meats, fruit and vegetables. For other consumer products the elimination of tariff barriers has greatly increased the variety of goods on offer.

One of the aims of the Treaty of Rome is the constant improvement of living and working conditions. The Community, therefore, recognises a duty to protect its citizens from being misled with shopping – or, for instance, from buying a product with a hidden danger. When Britain and Denmark, both with strong consumer traditions, joined the Community, a special push was given to its work on consumer choice and standards, and in 1975 a consumer protection programme was adopted. Many of the directives have an important impact on consumers in the UK.

As far as safety is concerned, a major priority is the food we eat. Food purity has hit the headlines in recent years, with evidence that some Community farmers had been injecting their calves with possibly dangerous synthetic hormones, traces of which had found their way into baby foods in Italy. The Community acted with speed, introducing a clear ban on the sale and use of the offending hormones – stilbenes, used as growth promotors, and thyrostats used to increase water retention. This has now been enacted into UK legislation.

In the case of chemicals deliberately added to foods – colourings, preservatives, anti-oxidants, emulsifiers etc, the Community has confirmed the system of positive lists towards which the UK had been working before 1973. This is an important principle for consumers. It means that, rather than banning additives once they have been found unsafe, additives may not be used unless they have been tested and approved.

The original fears – that sausages or kippers could no longer be produced in traditional colours, for instance – have proved unfounded and the current lists provide for the needs of the food industry in all member states. These lists have been drawn up over the years since 1973 on the advice of a scientific committee. Food may also be contaminated by its packaging or container. Community rules, adopted in the UK in 1978, require that materials and articles in contact with food shall not pass on their constituents to the food if the result would be either harmful or unacceptable to consumers. Again, the Community intends to draw up positive lists of substances that may be used in food packaging.

EEC directives lay down standards for meat – and for labelling

Meat, especially poultrymeat, presents particular safety problems. Community directives lay down detailed standards for poultry slaughterhouses and for the meat itself. Standards also apply to much red meat. One of the checks is for the bird's giblets to be examined at the slaughterhouse for traces of infection. But an exemption in the case of New York dressed poultry – birds sold intact, and especially popular with Christmas turkeys – allows these birds to be sold until March 1984 whilst alternative hygiene rules for them are discussed.

Thanks to a recent EEC directive, due to be adopted in the UK at the beginning of 1983, most food labels on pre-packaged food will give much more useful information. With a few exceptions, labels will show by what date the food should be eaten. So important to consumers, especially those with allergies or wishing to cut, say, sugar or fat consumption, is the requirement that all ingredients be listed in descending order of weight.

UK consumers also have the EEC to thank for laws which make it compulsory, in all but a few cases, to label textiles with the fibres from which they are made. Labels on clothes, carpets, linen etc must show the fibres contained in descending order with the actual percentages they represent – for example, cotton 85 per cent, polyester 15 per cent. As well as ensuring that consumers are not misled this helps them to decide how to care for their purchase.

Consumers are also anxious that their cars should be as safe as possible to drive. The Community system of type approval means that many car components (brake lights, mirrors, fuel tanks, seat anchorage points, braking systems, for example) must conform to strict tests if they are to be exported to other member states. Manufacturers have to demonstrate that their type of component meets the European standard. Not only examples of the component itself but also the premises, line etc are carefully examined to ensure that all production from that plant will conform. It is important to manufacturers to achieve approval because they not only receive an approval mark which allows them to export into any member state; compliance with the directives also ensures that national safety requirements are met. Additional directives lay down exhaust emission standards.

Latest estimates suggest that, this year, between 60,000 and 70,000 cars will be bought by British consumers from other member countries under personal import arrangements. Car manufacturers have used various devices to try to check these 'parallel' imports, but in September the European Court of Justice ordered Ford Werke, of West Germany, to resume sales of a limited number of right-hand drive Fords. The European Commission is considering further action against other makers.

Not only must cosmetics and toiletries not be liable to damage human health but the manufacturer must also give minimum information on the packaging – his name, the batch number, the nominal content, the expiry date if the product lasts less than three years and any precautions. The regulations also outlaw misleading claims as to the product's characteristics.

To round up its work on safety, the Community has begun a trial system of accident surveillance – so that it can determine priorities for future action. The UK already logs accidents associated with products through hospitals. A similar scheme is gradually to be implemented throughout the Community.

Inward investment: another benefit for Britain

If any future Government takes the United Kingdom out of the European Community it will be a political act, not an economic judgement. But the real debate ought to be 'Is there an alternative road to a better economic future?', especially as the Community has already become the principal market for British exports.

Would British industry, through enhanced competitive vigour, succeed in selling over some of the highest tariff barriers in the world? Would the Community, after the disruption caused by Britain's withdrawal, agree to specially low tariffs on British goods or even a 'free trade area'?

Would Britain successfully negotiate bilateral trading agreements with the remaining members? Such agreements are not permitted under the Treaty of Rome. Would new markets be quickly found for displaced exports? If they existed, British industry would be selling hard to them already.

What might happen to overseas direct investment in the United Kingdom, in manufacturing industry especially, if the alternative were to become the reality? What, in particular, would be the attitudes of United States multi-national corporations and Japanese companies, if instead of being inside a prosperous, tariff-free market with 300 million people and a third of world trade, the UK, with 56 million, became a market on its own?

Like other economic phenomena, inward foreign investment is a legitimate subject for intellectual examination. The activities of multi-national corporations are not entirely an unmixed blessing. They can give to a country (factories, know-how, employment) and they can take away (excessive profits, destruction of local competitors, factory closures).

Thanks to Britain's membership, outside firms are moving in – and bringing jobs

The evidence is in favour of maintaining the liberal, non-discriminatory approach of successive British governments to overseas companies wishing to invest in the UK. It is doubtful whether British companies have either the capacity or the will to invest on the scale or in all the areas, industrial and geographical, that the UK economy manifestly needs. The US multi-nationals are the main channel through which much-needed high technology is coming to Britain. They are providing new jobs, notably in Scotland, South Wales and the North of England, where structural unemployment is high because traditional, basic industries (steel, coal, shipbuilding, textiles) are running down.

There is an argument that high-technology businesses create relatively few jobs and the application of high technology may destroy many. It is not an argument that carries weight in Development Areas, which are zealous in their wooing of foreign investment. It is also spurious. Not only does it overlook the spin-off employment among local contractors and suppliers, shops and services, but it also ignores the simple truth that other industries in Britain which employ relatively more people need to adopt more high technology if they are to survive.

Many US multi-nationals were established in Britain long before the Common Market became a reality. Others have been stimulated into developing their British investment or setting up manufacturing facilities in the UK by Britain's membership of the EEC. The same influence has begun to work among major Japanese corporations, now increasingly internationally-minded if only for protective reasons. It is a characteristic of both that they think and plan manufacturing in a European context, no matter how important the local UK market for their product might be. The UK appeals as a platform for launching their products into the entire European market.

The practical reaction of foreign companies already in Britain to withdrawal cannot be gauged precisely in advance, and it would vary. The question at this stage is hypothetical. But for those who have not yet come, and are offered one green field site inside the EEC and one outside, the choice would be clear. It would not be Britain.

The Community gives women's rights the force of law

In the 1970s the United Kingdom led Europe on women's rights legislation, with the Equal Pay Act and the Sex Discrimination Act both on the statute book. Since then, however, Community codes and the European Court of Justice have pointed to shortcomings in the British legislation. The November 1982 Queen's Speech included a commitment to change the law.

Article 119 of the 1957 Rome Treaty lays down the principle that men and women should receive equal pay for equal work – 'pay' being defined as 'the ordinary basic or minimum wage or salary and any other consideration, whether in cash or kind, which the worker receives, directly or indirectly, in respect of his employment from his employer'. In 1957 such legislation was more concerned with safeguarding the under-cutting of men's wages than with promoting the principles of equality; but in ensuing years it has proved valuable in the women's cause.

In the 1970s, with the growth of the liberation movements, governments came under increasing pressure to legislate for sex equality at work. The European Commission responded by proposing three directives, adopted by the Council of Ministers in 1975, 1976 and 1978. The Equal Pay Directive introduced the principle of equal pay for work of equal value; abolished any discriminatory clauses in collective agreements, and provided protection for employees against dismissal following complaints. The Equal Treatment Directive aimed to overcome sex discrimination at the point of entry into the labour market, in vocational training, and in promotion and working conditions. It also outlawed discrimination on the grounds of sex, either directly or indirectly, by reference in particular to marital or family status. And the Social Security Directive, covering statutory social security schemes for protection against the risks of sickness, invalidity, accidents at work, occupational diseases and unemployment, require that there should be no discrimination either in the obligation to contribute or in the calculation of contributions. Minimum appropriate legislation has since been incorporated into the UK Social Security Act 1980. The legislation does not affect the retirement age for men and women, which remains a matter for national governments.

The Equal Pay Act came in for criticism from the Commission

In 1979 and 1980 the Commission monitored how the (then) nine Community countries were implementing the equal pay and equal treatment directives. They found lapses or inadequacies in all cases, including the UK, where the Equal Pay Act in particular came under criticism on the grounds that it allowed for equal pay only where a woman does 'like work' with a man, or where her work has been rated as equivalent to his under a job evaluation scheme, but does not insist upon equal pay for work of equal value. In 1981 the Commission started infringement proceedings against the British government, and on 12 July 1982 the Court of Justice upheld the complaint. The government is now required to do what the EOC urged it to do nearly two years ago – namely, amend the legislation.

The Court has also dealt with six other alleged discrimination cases brought by individual complainants, five of whom came from the UK, backed by the Equal Opportunities Commission. In 1976 Mlle Defrenne, who worked for Belgium's Sabena airlines, successfully claimed equal pay with a male cabin steward under Article 119, even though the Belgian Parliament had not itself legislated for equal pay. In the UK, complaints have taken a number of forms, having run the gamutof national courts and industrial tribunals.

In May 1982 the Council of Ministers adopted a Community Action Programme on the promotion of equal opportunities for women, based on an important resolution on women's rights adopted by the European Parliament on 10 February 1981, following an enquiry by a Parliamentary ad hoc Committee on the aspirations and conditions of women in the Community. The aim is to encourage cross-fertilisation of ideas in member countries, establish informed data on the extent of sex discrimination and implementation of Community law, and provide impetus for further Community legislation in such fields as taxation and the employment of women, parental leave, maternity provisions, the rights of women in agriculture and so on.

An advisory committee on equal opportunities for women and men has been set up to advise the Commission on the fulfilment of the programme. The work of the committee is supplemented from within the Commission by the Bureau for Questions affecting Women's Employment, and the Information Service for Women's Organisations and Press which publishes an informative, free periodical, Women of Europe, and useful supplements.

While the numbers of women in paid employment in the Community have risen dramatically in the last 20 years, the majority of them are to be found in low paid jobs, partly because, for family or traditional reasons, they have failed to qualify for the higher paid ones normally done by men.

Encouraging women to go in for non-traditional careers

In 1977 the Council agreed that money from the European Social Fund should be used to support vocational training programmes designed to help women improve their employment prospects. While women under 25 benefit from the special aid programmes for young people, assistance from the Fund is also available for training programmes for women of 25 and over who have lost their jobs, who wish to take up a job after a long break, who may be unqualified, whose vocational qualifications may be insufficient, or who wish to return to working life.

Priority is given to training programmes designed to encourage women to enter non-traditional jobs, such as carpentry, engineering, plumbing etc. Such programmes have to be sponsored by approved public-bodies, and the Community pays up to 50 per cent of training costs. The East Leeds Women's Workshops created a precedent by asking for, and receiving, such aid towards the salary of a nursery nurse to care for the children of mothers on a training project. Up to the end of 1981, 1,229 women in the UK had benefited from these ESF-aided programmes.

Facts about British food prices and the CAP

When Britain joined the European Community, food prices in the shops were forecast to rise by about 2½ per cent a year. To compensate, there would be a greater variety of foods as other member countries stepped up their food marketing effort in Britain. However, the actual impact became lost in the turmoil of volatile world commodity markets and rampant inflation.

In the first five years of membership the price of food in Britain more than doubled, rising faster than the retail price index as a whole. The Minister of Agriculture reckoned that about a tenth of this could be ascribed to Community membership with the adoption of the higher level of price support under the common agricultural policy.

In the last five years, from 1978 to 1982, food prices have risen by less than the retail price index – up 45 per cent, compared with a retail price index rise of 64 per cent.

Adoption of the common agricultural policy has meant switching from a policy where some of the farmer's returns came direct from the taxpayer as deficiency payments to one where the market – that is, the consumer – provided the farmer's full return. Since the Community's support price was higher than the British guarantee level for most products, this meant a step-by-step movement over five years to the full Community level. The 1971 White Paper, The United Kingdom and the European

Since 1978 food prices have risen less than the retail price index

Community, estimated that retail food prices would rise by about 2½ per cent each year for five years.

However, in the very year that Britain joined the Community, world agricultural prices began to move upwards, taking British prices with them. In those early years up to 1975, it was only the abundance of foodstuffs within the Community that kept British prices below world levels. As the surge in world prices receded, so the increase in food prices might have been checked; but a collapsing pound, reaching its nadir in 1977, cheated the British consumer of any relaxation.

The impact of Community membership during this period was almost nullified by the use of a high 'green £',

Greater supplies – and lower prices – for fresh fruit

the artificial exchange rate which is used for calculating EC agricultural support prices in national currency.

Not all foodstuffs are affected directly by the common agricultural policy. Margarine is not covered; nor are tea, coffee or other tropical products imported from developing countries. The price of the 'pinta' is fixed by government.

The system of support varies widely between products, so the impact varies widely from one food to another. On butter, a system of intervention or floor prices has pushed up retail prices in line with the general inflation rate; the price would be higher still without the direct consumer subsidy of 13p per lb financed from the Community budget.

Beef and lamb are supported in a different way: the farmer is guaranteed a certain return, but part of this is met by a direct 'premium' payment, allowing market prices to settle at lower levels in response to supply and demand.

For pork, ham and bacon, eggs and poultrymeat there is little support for the producer, and prices are determined by supply and demand. The Community can meet all its own needs from home production and competition is intense, so prices are relatively low in real terms compared with their levels in 1973.

Canned foods were subject to increased import duties and levies when Britain joined the Community. But for fresh fruit and vegetables, membership meant greater supply and the end of the import quotas which had been applied by British governments to keep domestic prices relatively high, especially for apples and pears.

Other products subject to the intervention price system are sugar and grains, so they are directly affected by increases in the support prices of the CAP. The European Commission is committed to reducing cereal prices in real terms over the next five years.

The guaranteed prices for British farmers are held somewhat above the Community rate through the 'green £' system. Whereas in the mid-seventies this artificial exchange rate was overvalued, setting prices in Britain lower than in other member states, it is now undervalued, so British guaranteed prices are about 10 per cent above the normal rate. Proposals for a higher exchange rate have been put by the Commission, but not accepted by the Government.

How British agriculture has fared under the CAP

The aims of the common policy were substantially the same as those set out in British agricultural policy – to improve farming efficiency, ensure a reasonable return to producers and see that food is made available to consumers at reasonable prices. However, the 1973 accession did mean major changes.

The level of support prices for most products was somewhat higher than had been applied under the deficiency payments system. New machinery had to be set up for applying the policy. And sources of supply for many British food imports switched to Europe away from the Americas and old Commonwealth countries like Australia. Special import arrangements were made for sugar (from developing Commonwealth countries) and butter (from New Zealand).

During the ten years of membership, home food production has expanded rapidly and the food manufacturing industry has boosted its exports. Before 1973, food imports accounted for 22 per cent of Britain's import bill. The figure is now about 12 per cent. In 1982 Britain became a net exporter of grain for the first time since the repeal of the Corn Laws.

The abundant output of Community agriculture does cause its own budgetary and political difficulties. But the policy has provided secure supplies of foodstuffs, most importantly in the mid-70s, when world food supplies soared in the face of poor harvests worldwide, when extra sugar was provided for the British market, and when – for a period of two years – prices within the Community were well below world levels. The years of recession and rising farm outputs throughout the world (except in Russia and Eastern Europe) have led to a period of depressed commodity prices; but the growth of world population still raises the spectre of food shortages and the benefits of ample supply.

Britain has become a net exporter of grain – for the first time since the end of the Corn Laws

A decade of high inflation and volatile currency values makes it almost impossible to evaluate the real impact of the CAP on British farmers' incomes and on food prices since 1973. Retail prices of food reflect in only the most shadowy way the prices guaranteed to the farmer, whose returns are a small proportion of the final price of food in the shops. Over the ten-year period since 1972, retail prices of food have gone up by marginally more than the rate of inflation, but since 1978 by less than the general inflation rate. Thus the bigger increases were concentrated in the years 1973-77, when transitional arrangements were exacerbated by a rapidly falling pound and escalating processing and marketing costs.

Britain's entry into the Community meant far-reaching changes in the system of agricultural support. Britain's pre-1973 policy was characterised by deficiency payments. Under the common agricultural policy there is more reliance on a managed market, where internal prices are maintained by various mechanisms (intervention buying, export subsidies, import levies and duties) high enough to enable the farmer to obtain an adequate return from the market without subsidy. The cost of this policy is met by consumers, through prices which are higher than they might be on the world market.

But what appears to be a clean break is, on closer inspection, not so cataclysmic. Increasingly before 1973, successive British governments were moving away from a deficiency payments system because of the high and uncertain level of Treasury spending involved,

A now-familiar country scene – oil-seed rape, a cash crop for the European market.

while under the CAP the support arrangements for several important commodities in the UK (beef, sheep, oilseed rape) are forms of deficiency payments.

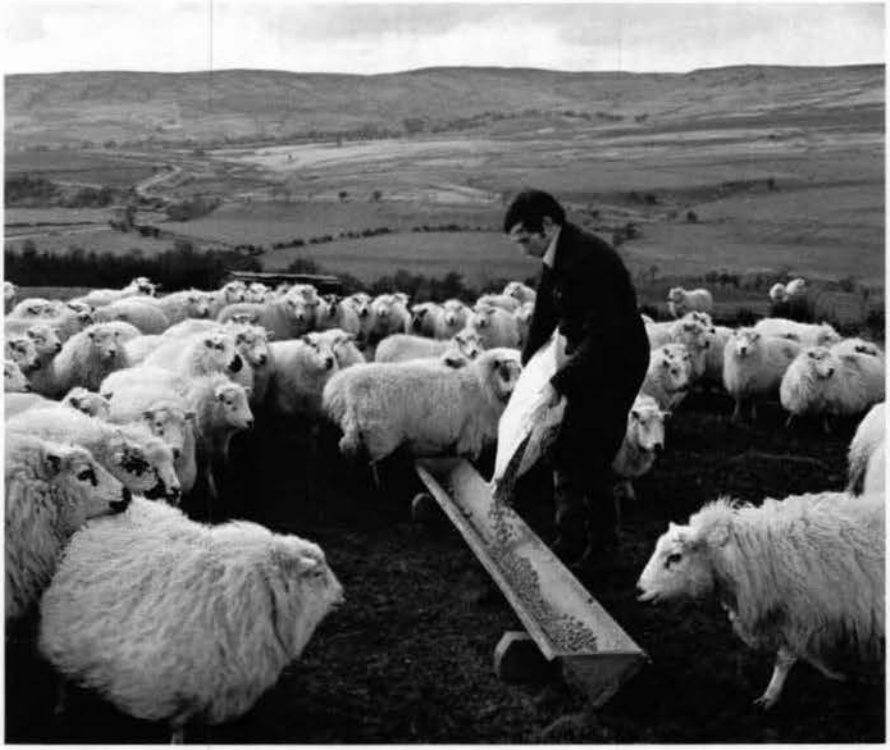
Adopting the new policy meant establishing a new body, the Intervention Board for Agricultural Produce, which is a government department responsible to UK agriculture ministers and whose job is to operate the machinery of the agricultural policy in the United Kingdom. The Board runs the intervention system, which gives farmers or traders a guaranteed floor price for certain commodities like grains and milk products. It organises payment of production subsidies or premiums to farmers, for instance on seeds or on beef. It subsidises the use of skimmed milk powder in animal feed. It administers and pays the consumer subsidies on butter and on school milk. And it is responsible for paying export refunds that may apply to certain foods or commodities. It also collects levies on imports or exports.

In 1981 these operations in Britain cost the guarantee section of the Community farm budget about £600 million, roughly a tenth of such spending throughout the Community.

The figures for farm output in the UK reveal a considerable rise in the production of most agricultural commodities. This is particularly noticeable for cereals (51 per cent increase since 1970-72 according to latest estimates of 1982 production) and milk (24 per cent increase). Britain's share of milk production has been more or less constant since 1973, at 14 per cent of the total; but the share of Community cereal output is up from 12 to 15 per cent.

The overall increases in farm output have led to a dramatic improvement in Britain's level of self-sufficiency. Taking all foods, this has increased from 49 per cent in 1970/72 to 60.5 per cent in 1981. Taking only those temperate foods which Britain's farmers are capable of producing in this country, the increase has been from 61 per cent to almost 75 per cent. For certain individual commodities the growth of self-sufficiency has been particularly marked. To take two examples: 57 per cent of Britain's butter requirements are now met from British production, compared with 17 per cent in the years before entry; whereas in cereals, in which the UK was only 62 per cent self-sufficient in 1972, the country will certainly be more self-sufficient in 1982 – for the first time since the early 19th century.

At the most basic level, an agricultural policy must provide farmers and growers with a reasonable degree of confidence about the future. Most farming enterprises are of a long-term nature. A farmer will not, for example, be willing to keep more of his calves for breeding, even if current prices appear favourable, unless there is some prospect of stability and therefore confidence that the market in three or four years time will not be disastrously unprofitable. In this respect the CAP must be judged a success.



The Less-Favoured Areas scheme is crucial to Britain's hill farmers

A second factor which affects the volume of production is the level of prices. The evidence on this is inconclusive. For some crops, relatively high prices have undoubtedly stimulated production. A prime example is oilseed rape. Before 1973 farmers regarded this crop as extremely risky, and only grown by the most speculative. Now it has become a most valuable break crop, and fields of its brilliant yellow flowers have become an established feature of the English landscape – production over the period has risen from 11,000 to over half a million tonnes.

Just before Britain joined the Community, a co-ordinated EC policy was agreed for modernising farm structures. This laid the groundwork for a most important aspect of the CAP in Britain: the Less-Favoured Areas directive. This measure acknowledges that there are certain regions within the Community which could not sustain agriculture without special cash help, simply because the climate or topography are so difficult. The British principle of hill farming subsidies has therefore been adopted by the Community as a whole, so that in large areas of Scotland, Wales, Northern Ireland and in the English hills – and also in the most difficult farming areas of other member states – direct assistance is given in the form of per-head payments on breeding sheep and cattle.

This assistance, 25 per cent funded by the Community budget, is crucial to the well being of farming in Britain's hill areas. The qualifying regions may well be extended shortly to cover certain marginal farming areas.

Since 1978, food prices have risen by less than the general inflation rate, although the prices which are guaranteed to Britain's farmers are about ten per cent above the Community level.

The great majority of farmers undoubtedly support the Common Agricultural Policy. It has given them a reasonably steady policy framework and some security in alliance with continental farmers, who in many countries still form a significant electoral bloc. This is despite official statistics which suggest that net farm income, as defined by the Ministry of Agriculture, has fallen by over 48 per cent in real terms since 1972 and in 1981 stood lower in money terms than in 1976 – a fall of over 50 per cent in real terms, after inflation is taken into account.

Regional aid and loans: windfalls from Europe

Unlike the Social Fund, the European Regional Development Fund (ERDF) was not provided for in the Treaty but was established in 1975 by regulation, after Britain joined. In the absence of any Community or common regional policy, receipts from the Fund are simply allocated according to national quotas. Funds are thus provided from the Community Budget as a contribution towards the separate regional policies of the member states, subject to regulations agreed at the Community levels.

Under the Regional Fund's quota section, therefore, grants are distributed to projects submitted by national governments to the Commission. The money itself is received by the government, not the sponsor of the project: the United Kingdom, like all member states, regards the grants as a contribution rather than an addition to national programmes. Because regional aid in Britain is already allocated under criteria laid down in the Industry Act 1972 and its extent further constrained by the Community's own rules on subsidies, ERDF grants cannot be added to national aids. Only under the tiny (5 per cent) non-quota section is there any direct application of Community-devised criteria.

The UK received over £720 million in ERDF commitments in the seven years 1975-81, with receipts informally rationed between England (40 per cent), Scotland (25), Wales (20) and Northern Ireland (15).

Regional policy is notoriously difficult to evaluate, and the impact of the Fund is even harder to measure because the amounts involved are relatively small: receipts from the Fund in 1982 will still represent only 15 per cent of domestic regional policy spending. The most recent study of the effects of domestic policies in the UK, when narrowly defined as incentives to investment, suggested an increase of about 6 per cent in the share of investment taken by the main assisted areas and additional employment of at least 20,000 per annum from 1966-71 and 11,000 per annum from 1971-76. The effect of ERDF grants alone must be very small by comparison and lessened in any case by changes in the pattern of development since the early 1970s.

Grants to industry, therefore, have probably had no direct impact: the starting-dates of projects have, however, in some cases been brought forward and the moneys received have relieved the general tax-payer. On the infrastructure side, consuming 60 to 70 per cent of the grants, the money has been a windfall for public utilities and local authorities. The latter, receiving cheques direct from Brussels, have saved interest repayments on their hard-pressed revenue accounts. Both, moreover, have undoubtedly put together qualifying projects that might not otherwise have materialised. The Fund's existence, if not its resources, has therefore had an important influence on the way in which local authorities conceive such projects and perceive their needs. Central government, too, under different political complexions, has slowly had to conform to the Community dimension: even the submission of a regional development programme has its own educational effect upon Ministers and civil servants alike.

Since 1973 Britain has received loans from Europe that have created 17,000 new jobs

Because of its large, though declining, coal and steel industries, the United Kingdom has done particularly well from ECSC finance. Lending towards capital investment programmes has included loans of £500 million in 1980 to the Electricity Council towards the financing of the Drax 'B' coal-fired power station in Yorkshire, will create at least 4,000 new jobs, and £190 million to the National Coal Board for the new mine nearby at Selby which will be the largest and most productive in the Community when completed. Loans have also gone to individual projects in both the private and public sectors, totalling £320 million.

The European Investment Bank (EIB) was established under the Treaty of Rome as a source of medium and long-term finance, to promote the balanced and steady development of the Community.

Since accession in 1973 the United Kingdom has received loans totalling about £2,300 million. Direct loans from 1973-81 totalled £2,200 million, nearly 25 per cent of EIB lending in the member states, and are estimated to have created more than 17,000 new jobs and to have safeguarded another 20,600; in the same period global loans worth £62.6 million were extended, creating 11,500 jobs and safeguarding a further 2,800.

In 1981, direct loans totalled £122.6 million, almost 90 per cent of which went to communications and non-energy infrastructural projects (£108.6 million) and the remainder to industrial

Development Fund money is being channelled into areas that need it most.

projects (£14 million). Projects financed were located largely in Scotland, and the North and North-West of England, including water, sewage and road schemes in Fife and Strathclyde, construction of the Liverpool inner ring road, extension of a Manchester printing works and the production of microprocessors and advanced computer systems in Leeds.

From global loans already operating, some 46 allocations worth £10.1 million were made throughout the country, giving an average loan of £220,000. These were handled either on an agency basis through the four Industry Departments, or as part of global facilities through the Scottish and Welsh Development Agencies, Industrial and Commercial Finance Corporation (ICFC) and two clearing banks.

One beneficiary has been British Rail – £69 million between 1977 and 1980

One major beneficiary of EIB lending has been British Rail, which received £69.1 million between 1977 and 1980 for the construction of high-speed trains to run on the London-Scotland East Coast and Scotland-West of England lines. In 1981 and 1982 a further £30 million was made available to build 210 new sleeping cars for these routes. Both sets of loans qualified as helping to provide the infrastructure needed to spur on regional development in the three assisted areas concerned (Scotland, the North and South-West England).

Though most EIB lending has so far been directed towards the public sector in the UK, and concentrated particularly on the regions already classified as Assisted Areas, the provision of reasonably cheap long-term finance to the nationalised industries, public utilities and local authorities involved is of considerable benefit to the tax-payer and the consumer.

By June 1982 some 42 loans, totalling over £560 million, had been made, £86.3 million of which went to the United Kingdom: £50 million in 1979 for the construction of the Dinorwic pumped power stations in Wales; £20 million in 1980 towards the Kielder dam project in Northumbria; and £16.3 million in 1979 for water supply and sewage schemes in Lothian Region in Scotland. In each case these loans supplemented finance already being provided by the EIB towards the same projects.

Aid and trade offer hope to the Third World

The European Community is the biggest world importer of developing country products as well as the largest donor of aid. Though the majority of this aid is on a bilateral basis between member countries and recipient states, the Community contribution is of considerable significance, not least through its partnership alliance with over 60 African, Caribbean and Pacific (ACP) states under the Lomé Conventions.

The future relationship between the European Community and the developing countries of the British Commonwealth was one of the most contentious and worrying issues raised by British accession to the European Community ten years ago. Since then, the traditional links between Britain's old colonies and Britain have been transformed into broader trading and assistance agreements with the European Community as a whole. Much of Britain's commitment to these countries is now a commitment shared by all the member states.

For most developing countries, however, trade is more important than aid. The Community accounts for 46 per cent of total agricultural imports from developing countries, over half of which enter the common market duty free, and over a third on low preferential terms. Economic recession has created problems on industrial imports – notably textiles – but the Community's generalised system of preferences (GSP), preferential trade agreements, and the special concessions permitted under the Lomé Conventions mean that developing countries enjoy particularly favourable entry into the Community market.

Developing countries' earlier demands for swift industrialisation have now shifted to greater concentration on agricultural development, to enable them to feed themselves. The Community's action plan to combat world hunger, at a cost of US $40 million, is designed to help meet this growing need.

Until the early 1970s the Community's fast-growing market was able to absorb, without too much restriction, most exports from the developing countries. Since then, economic recession in the industrial north, sparked off by the OPEC quadrupling of oil prices in 1973, plus the fact that several developing countries have begun to 'take off' industrially, has created difficulties and sometimes friction between the Community and Third World suppliers. The ideals of free trade in industries such as textiles, steel, and shipbuilding have taken something of a knock, as lower cost imports have threatened the existence of Community manufactures, and the European Commission, backed by the member states, has sought to control imports by the imposition of quotas and ceilings through the Multi-Fibre Arrangement (MFA) for textiles, or through bilateral agreements with Third World exports.

The Community helps co-finance such bodies as Oxfam and Save the Children

Fortunately for the majority of poorest developing countries, whose economies are heavily dependent on agriculture, their products – apart from beef and sugar – do not normally clash with Community produce. Thus the Community absorbs nearly half the total agricultural products from developing countries, about 90 per cent of which enter the common market at reduced tariffs or duty free.

The generalised system of preferences adopted by the Community on 1 July 1971 – and periodically updated – involves a scheme of tariff preferences for developing countries to encourage diversification of their economies. Most industrialised countries, including some of the state-trading countries, operate a similar system. The main features are that tariff preferences are generalised, non-discriminatory, unilateral in that they are not negotiated with beneficiary countries, and non-reciprocal, i.e. beneficiaries are not required to grant corresponding duty exemptions on imports.

Each year the Commission publishes the reduced duty or duty-free processed

Self-help irrigation schemes, such as this one in Zambia, are part-funded by the EEC.

agricultural and industrial goods from developing countries permitted to enter the Common Market within certain ceilings or quotas. Once the ceilings are reached, normal tariff duties may be applied. A further limitation, known as the *butoir*, requires that goods from any one beneficiary country may not take up more than a certain percentage of the overall Community tariff quota for a particular product. Similarly, once imports from a particular supplying country reach their *butoir*, the normal duty may be restored to imports from that source. Special concessions are made for the least developed countries, which are often exempt from ceilings or quotas except in the case of textiles.

When Britain joined the Community in 1973, Lomé extended the scope to include most former British colonies in Africa, the Caribbean and the Pacific. Today, with the exception of Angola and Mozambique, all countries of Black Africa are signatories to the Lomé Convention. The Convention has been criticised in Britain for excluding such countries as India and Pakistan. While these have benefited in other ways from Community assistance in trade and aid, they have not received the same preferential treatment as the ACP states.

Community aid takes a number of forms. The most important instrument is the European Development Fund (EDF), which provides assistance on a wide scale to the ACP states. In addition the Community is giving an increasing amount of technical and financial aid (20 million ECU in 1976 compared with 200 million ECU in 1982) to about 30 non-associated states in Asia (74 per cent of aid granted between 1976 and 1980), in Latin America (20 per cent) and in Africa. Almost 90 per cent of this aid goes to agriculture, and 78 per cent to the poorest countries with the neediest peoples. Technical and financial aid under co-operation agreements concluded with the eight Arab countries bordering the Mediterranean is expected to reach 1,015 million ECU between 1981 and 1986.

The Community also helps co-finance certain projects by non-governmental organisations, including some sponsored by Oxfam, Save the Children Fund and the Catholic Institute for International Relations (CIIR). At the end of 1981 some 856 projects had been aided by Community funds, to the tune of 56 million ECU, and there were 151 Community NGOs operating in 99 developing countries, representing a total joint investment of 163 million ECU. Small but practical projects ranged from equipping an agricultural school in Zimbabwe to improving stock farming in Paraguay; from providing necessities for a maternity clinic in Nepal to acquisition of rolling stock in Guinea-Bissau.

The Community now absorbs nearly half the total agricultural products of the developing countries

The Community is also, after the USA, the largest donor of food aid.

The European Development Fund was first set up in 1958 to provide aid funds for dependencies of the six Community founder members, and was renewed for two further periods under the Yaoundé agreements. It was renewed again, on a greatly expanded scale, under Lomé I and II, with allocations from Community members totalling 3,466 million ECU and 5,227 million ECU respectively.

The United Kingdom contributes 18.7 per cent of the EDF budget. But as 62 per cent of EDF contracts in money terms are works contracts, overall the UK receives back far less than it would if British firms were more interested in the opportunities available.

Lomé, whatever the complaints lodged against it, is a genuine attempt to integrate aid and trade with developing countries without patronage or political strings.

The experience of the last 25 to 30 years shows that many of the original premises on which aid was based have proved incorrect, and the Community is now reviewing its policies. But failure is not entirely the fault of the Community and the industrialised North. The developing countries are also partly to blame, but the impact of world economic recession has created difficulties beyond their control.

'Only one Indian product is subject to quotas under the rules'

range of products, the Community has refrained from putting quotas on them. As a result, only one Indian product is subject to quotas under the rules for most competitive suppliers, as against 20 to 30 products in the case of certain Far Eastern countries.

India's exports to the Community were safeguarded by a variety of arrangements by the time the British entered the Community in 1973. The Community joined Britain in making a joint declaration of interest, aimed at reassuring India (and other Asian Commonwealth countries) over their exports to the enlarged Community.

It is easy to overlook the political significance of this Joint Declaration; yet it virtually confers a special status on India and the half-dozen other countries covered by it. It puts them more than half-way between the associated Lomé Convention countries and the other developing countries in Asia and Latin America.

The network of sectoral agreements which the EEC concluded initially with India was extended to the other developing countries which showed an interest in them. When the Community redeemed its 10-year promise to India, the commercial cooperation agreement which the two sides entered into in 1974 became the first of a whole generation of such agreements. They were negotiated by the enlarged Community with other non-associated countries, notably India's neighbours in South Asia.

In 1981 India concluded a new agreement with the Community, which is serving as the basis for the new generation of cooperation agreements. The 1981 agreement is much wider in scope as it provides for closer cooperation across the whole range of commercial and economic endeavour. The provisions for commercial cooperation have been greatly strengthened; but so have those for economic cooperation. Under the new agreement, the EEC and India will promote industrial cooperation, including the transfer of technology, and mutually beneficial investments. The agreement also offers a firmer legal basis for scientific and technological cooperation. At the same time the EEC has undertaken to intensify its support for India's development programmes.

The 1981 agreement is as comprehensive as one could wish. Even so, because of the sharp contrasts in India's make-up its implementation is something of a challenge.

Because India is a poor country, the agreement's provisions on aid are specially important. India in fact is the largest single beneficiary of the Community's development aid programme in Asia and Latin America, receiving the equivalent of some $100 million a year. But given India's needs, Community aid can only be complementary to the aid provided by individual member states. The EEC has tried, therefore, to emphasise quality over quantity.

All of its aid is non-refundable (i.e. a gift). Nearly half of it is financial aid for rural development; and to make sure it is quickly spent the EEC has agreed that it can be used by India to buy fertilisers.

Where cooperation is proving more difficult is in merchandise trade. Because India has a vast home market, production for export is not always easy to manage, so that facilities offered by the EEC can remain unutilised. However, given the country's enormous production capacity, a policy decision favouring exports can result in the Community market coming under strong pressure. Handloom garments are a case in point.

The European Commission and the Indian government have jointly sponsored a series of activities aimed at giving their economic operators (manufacturers, investors and traders) an opportunity to explore together the possibility of cooperating both at home and in third countries. An important step in this direction was the conference on international contracting and sub-contracting, held in Paris in 1980. The success of that conference led to the organisation of seminars on specific industrial sectors in three European cities last month. These seminars will be followed by an EEC/India conference on industrial technology and investment, to be held in New Delhi next month. The aim is to bring together the senior executives of European and Indian firms.

Between 1973 and 1980 the European Community's imports from India increased by 210 per cent, while its exports rose by some 280 per cent. The Community's trade surplus, a modest $26 million in 1973, stood at nearly $700 million in 1980. Even so, in 1980 exports to India represented just 1 per cent of total extra-Community exports and imports only 0.7 per cent.

The picture is very different when seen from the other side. An estimated 26 per cent of India's total exports are currently to the EEC, as compared to some 13 per cent to the United States and 10 per cent each to Japan, the Soviet Union and the OPEC countries. Within the Community, the United Kingdom remains the major market for Indian goods, although its share has been declining steadily. Germany's share, on the other hand, has been rising and is now just under 6 per cent. From whichever side one looks at these figures, it seems that India and Europe can both profit from increased trade.

Milk floods India — with Community aid

Operation Flood II, which has been described by aid specialists as one of the most successful schemes ever implemented in the Third World, is aimed at developing India's infant dairy industry and increasing the country's self-sufficiency in food.

Based on massive aid from the European Community and the World Bank, the project is the largest comprehensive rural improvement scheme ever undertaken in the Third World. It covers almost 10 million milk producers' families living in 155 districts, and does more than just provide them with better facilities for producing and selling their milk: Flood II has gradually brought a large part of rural India into contact with the 20th Century.

The operation was the first launched by the Indian government in 1970. Its second phase began in 1978, and is expected to be completed by 1983. The European Community is committed to providing some 31,000 tonnes of milk powder and 12,700 tonnes of butteroil per year over a six-year period, at a total approximate cost of 270 million dollars.

The Community's contribution is expected to cover half of the total cost of the programme, the balance being met by the World Bank and by the Indian government itself.

The programme is therefore an ingenious mix of foreign and national aid. The food aid sent by the Community is processed into liquid milk by the Indian Dairy Corporation, and sold in India's major cities at reasonable prices. The money earned from the sales is used by the corporation to finance its dairy development programme in the rural areas.

The programme pays for the organisation of dairy cooperatives and the introduction of efficient transport systems to collect milk from the villages, to convey it to the dairies for processing and to supply it to the cities. The setting up of storage systems where excess milk is converted into milk powder and butteroil to be stored for another season is also part of the plan. Veterinary services aimed at increasing the productivity of local dairy herds are also provided.

The European Community, which is a key partner in the operation, sees the programme as an essential part of its food aid and development programme. Food self-sufficiency schemes are one of European Commissioner Edgard Pisani's main hopes of making European Community aid better suited to Third World needs in developing rural areas.

COMMUNITY REPORTS

Buffer zone to keep out foot and mouth

For the relatively modest sum of $870,000, cattle in the European Community could be protected against imported foot and mouth disease until 1984. This is the amount that the Food and Agriculture Organisation of the United Nations is asking from the European Community for the purchase of vaccine.

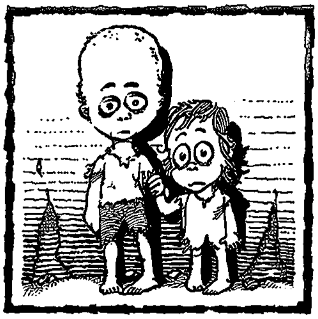
No price tag can be put on the health of European livestock, and the European Commission has just asked for the Council of Minsters' approval of the scheme.

Farmers have always lived in fear of an epidemic of foot and mouth disease, which in the past has decimated their herds. Today effective vaccines exist against the most common European forms of this disease but other foreign strains from outside Europe are often deadly.

Viruses do not observe borders. In recent years, several epidemics have been started by rare strains of foot and mouth disease, notably in Turkey and Greece. The penetration of these viruses into Community territory could have been disastrous.

In order to stop the progress of foreign viruses into Europe, the FAO, with the financial assistance of the European Community and other European states set up a kind of 'cordon sanitaire' against disease in 1962. This consists of a buffer zone along the Greco-Turkish border in which all animals susceptible to foot and mouth disease have been systematically vaccinated.

The $870,000 that the FAO has asked the European Community for, would primarily go toward the purchase of vaccines to maintain the buffer zone. About 750,000 doses of vaccine will be required each year and the Community's financial contribution would allow the continuation of the programme until 1984.



Regional aid helps the poorest

The European Regional Development Fund gave almost £939 million in aid to the Community's poorest regions in 1981. This represents a 52 per cent increase on the previous year, according to the recently-approved seventh annual report of the Fund.

The gap between the Community's rich and poor regions has widened since Greece became a member of the EEC. Today, the difference between per capita gross domestic product varies between 1 and 10, compared to between 1 to 5 only a few years ago. The economic crisis has accentuated the disparities between the rich regions such as Hamburg and Paris and the poorer regions in southern Italy, the West of Ireland and Greece.

The European Regional Development Fund, set up as part of the EEC's regional policy, has been contributing to the development of Europe's poorest regions since 1975. The recent economic crisis has prompted an increase in the Fund's resources.

Interventions made under the 'quota' section of the Fund, representing about 95 per cent of the Fund's resources, focused on regions which are facing the most serious problems, mainly in Greece, the Mezzogiorno, Greenland, Ireland and Northern Ireland. This aid is directed essentially towards infrastructure projects (roads, telecommunications, water supply, etc). The rest of the Fund's resources were used to generate about 60,000 jobs, especially through investments in the industry and services sectors.

Since 1979 about 5 per cent of the Fund's resources from the 'non-quota' section have been used to finance specific actions designed to compensate for the negative effects of certain Community policies or to stimulate development in the poorer regions. Money was used, for instance, to compensate for the impact of enlargement of the Community on the Mezzogiorno, and the south western regions of France, for the promotion of tourism and of small and medium-sized businesses in the frontier regions of Northern Ireland, for the improvement of energy supplies in the mountainous regions of the Mezzogiorno and for the development of economic activities in the Belgian regions most affected by the crisis in the steel industry.

Have a word with TED

The value of public supply contracts in the European Community is estimated at around 12,000 million ECU a year. Calls for tender in this sector are now accessible to business and industry on a day to day basis through the EURONET computer based Community data network.

This new operation – the first of its kind – extends dramatically the information service covering public works and supplies contracts provided by the office for Official Publications of the European Communities. It was announced when the new electronic publishing facility was demonstrated at the Frankfurt Book Fair.

To be known as TED – Tenders Electronic Daily – the new service is in effect an on line data bank created simultaneously as each Supplement of the Official Journal of the European Communities is set up for printing. Operational since 1 October, its test phase will be completed by the end of the year. Since 1978 calls for tender from public bodies in the member states or for projects funded by the Community have been published in a special series of OJ Supplements appearing daily in seven languages. Under GATT arrangements, tenders for supplies in Japan and the United States may also appear in the data bases during 1983.

Commissioner Burke and friend.

TED is a pioneering initiative by the Commission in its drive to improve the access of companies to the considerable commercial potential represented by public works and supply contracts. Such calls for tender cover every aspect of economic activity from the clothing industry to hospital kitchen equipment.

'I am convinced that we are responding to a very real need,' says Commissioner Richard Burke. 'The electronic system offers a flexibility vastly superior to conventional publication as access can be selected and limited to the field of interest of each user. TED will enable businessmen in Galway or Salonika and industrialists in Copenhagen or Palermo to have access to an enormous range of markets instantaneously, simultaneously and at the same charge.'

Jobs abroad for young workers

To improve the awareness of young European workers about European Community countries, the Commission is expanding its programme to promote young worker exchanges.

During the second joint programme, launched in July 1979 to December 1981, some 1,724 young workers from European Community member states took part by spending some time in another member country in order to improve their professional training as well as their cultural and linguistic knowledge and experience. In addition, initial estimates indicate that some 960 young workers participated in 1982 alone.

In an answer to a question from Vera Squarcialupi, an Italian Communist member of the European Parliament, the Commission also gave some additional details about the sex and nationality of the young workers involved in this project. It noted that the proportion of young female workers taking part has been growing since 1979, from an estimated 30 per cent of the total to an expected 36 per cent in 1982.

The largest number of young workers participating in the exchange programme, came from France with 453 participants, followed by Great Britain with 368. Next was the Federal Republic of Germany with 262, Italy with 246, Ireland with 159, Denmark with 90, the Netherlands with 80, Belgium with 39, Greece with 24 and Luxemburg with 3.

A great future for fish farming

Commercial fish farming – an expression which embraces the rearing not only of fish but also of shellfish – is a relatively new industry in Europe. Its advantages are clear, and economics are at the heart of the matter. For centuries man has hunted fish. But today, with the dramatic rise in the cost of fuel and the decimation of fish stocks by overfishing, it seems logical to raise fish in enclosed areas.

The Community is enthusiastic about the idea. Its contribution to fish farming has increased regularly over the years, reaching £2.75 million in 1982. At the same time, Community funds have helped regional economies of some of the poorer coastal parts of the Community in Scotland, Ireland, Western France and Italy.

Italy, Britain and Ireland are the three countries which have benefited the most from Community aid up to now. In Scotland and Ireland, the European Commission has given the green light to a dozen projects aimed primarily at salmon – which are threatened with disappearance in the North-East Atlantic. In Southern Italy, intensive farming has been financed in the Mezzogiorno for eel and sea bass and in Northern Italy mullet, sea bass and dorada are raised in the 'valli' lagoons, famous for fish farming.

Community aid can contribute up to 25 per cent of the total cost of structural expenses, such as construction of fish cages and up to 50 per cent in the poorest European regions. In some cases, the Community has also financed processing operations, for the preparation of smoked fish, in Scotland, on the same basis.

The Commission is very keen to see the expansion of fish farming in Europe in the future. At the moment, Community aid is reviewed every year by the Council. What the Commission wants now is a long-term plan of at least five years duration. It has submitted a proposal to the Council for a regulation on the issue and the European Parliament has already approved the move.

No threat to your duty-free

The thrifty traveller can rest assured that recent court decisions in no way represent a danger to the duty-free shops that remain an advantage of international journeys.

Following months of unfounded reports and speculation about the possible drastic impact of a 1981 European Court of Justice decision on duty-free zones, the Commission in Brussels has emphatically denied that the ruling endangers the numerous shops at airports and ports in the Community.

The shops themselves and their estimated 3000 employees are in no way jeopardised by the Court decision and the follow-up action. The only types of duty-free shopping ruled out by the ruling are the handful of so-called 'Butter Ship' tours which, up to now, have offered short excursions from North Sea or Baltic ports into international waters to qualify for duty-free status.

As a result of the Court and Commission decisions to stop the butter-ship abuse and to have regular tariffs and taxes applied on foreign goods, a campaign of speculation arose that cast doubt on the future of all duty-free shops.

Concern grew when the Commission indicated a few months ago that it was starting legal proceedings against a number of member states for not applying the butter-ship and tariff regulations. But the Commissioner in charge of tax and financial matters, Christopher Tugendhat, has recently issued repeated denials that these actions put the concept of duty-free shopping at risk. He has emphasised that the Commission feels most member states are preparing to implement these rulings before the end of the year, which would avoid the need to actually begin action in the European Court.

He says that the Commission has fully taken into account the revenue realised by airports and public authorities from sales in duty-free shops, the jobs of the 3,000 employees in these shops and the sales volume of various consumer goods manufacturers represented by duty-free transactions.

QUESTIONS IN THE HOUSE

Mrs Renate-Charlotte Rabbethge, Federal Republic of Germany:
Has the Commission considered setting up a Community task force for development aid?

Answer by Edgard Pisani on behalf of the Commission:
The Commission is intending to set up Community emergency aid evaluation teams. In the event of a disaster, these teams would assess urgent needs and reception and transport facilities, where such tasks were not undertaken by one of the relevant international organisations. This initiative has been taken in coordination with the member states, and most of the team members, including a number from non-governmental organisations, have been selected on the basis of recommendations put forward by them. The evaluation missions should enable the Community and the member states to take more effective action in the aftermath of a disaster, following the immediate emergency relief stage.

As regards that first stage, the Commission is examining the possibility of setting up a small relief team with its own logistical resources, which could be sent in where there are no other means of getting through to those in need. It plans to involve non-governmental organisations in this initiative.

Pierre-Bernard Cousté, France:
How does the Commission view the state of the art market in the Community?

Answer by Gaston Thorn on behalf of the Commission:
The Commission is very well informed, particularly by way of Community action in the cultural sector, on the situation on the art market in the Community.

Member states' regulations governing trade in works of art display at least two common features. In accordance with Article 36 of the EEC Treaty, they aim to preserve the essential elements of the national heritage in the country concerned and they also strive to prevent and curb traffic in stolen works of art.

As regards harmonisation of tax legislation concerning works of art, the Commission would remind the Honourable Member that on 11 January 1979 it laid before the Council a proposal for a seventh directive on the harmonisation of member states' laws relating to turnover taxes. This proposal, which would establish a common VAT system applicable to works of art, collectors' items, antiques and used goods, was amended on 16 May 1979 following Parliament's opinion. The Council has not yet reached agreement on the new text. By harmonising the rules for determining the basis for taxation, Community regulations would help to secure complete fluidity in intra-Community trade in works of art, both within the member states and upon importation.

Hemmo Muntingh, Netherlands:
What percentage of the total money available under the Western Islands Development Programme is available for environmental protection, and does the Commission believe this is adequate?

Answer by Poul Dalsager on behalf of the Commission:
The purpose of the Integrated Development Programme is to improve the working and living conditions in the Western Isles of Scotland by integrating the various measures available for the economic development of the area. Some of the measures to be undertaken under the programme will be eligible for Community financing; other measures will be financed from private, local authority and national funds.

The Integrated Development Programme for the Western Isles indicates the measures to be taken to ensure the protection of the environment. These include the protection of 35 sites of special scientific interest, 4 national nature reserves and designated scenic areas in the Western Isles.

The cost of protecting these areas, in addition to the cost of implementing the normal planning legislation and of the conservation of wild birds continues to be the responsibility of the member state.

The Commission does not have an estimate of the cost of implementing the existing legislation in the Western Isles.

In addition to the existing legislation, the United Kingdom Government has committed itself to provide a sum of £660,000 for advice on environmental matters under the programme.

Bearing in mind the various provisions for the protection of the environment the Commission does not believe that the programme is likely to pose threats to the sites to be protected.

What's British for 'bon appetit'?

ROY STEMMAN goes to find out why UK food manufacturers are not faring too well in Europe

Back from a visit to Holland and Belgium a few weeks ago, Agriculture Minister Peter Walker was reported to be 'depressed and disappointed at the unbelievable absence of British food products'. Both countries are noted for their appetite for cheese – but the huge cheese displays he saw contained hardly any from the UK.

Why? Well, Mr Walker told British Business it was because British food firms are not making as big an effort as French and Germans to gain a substantial share of the market.

To find out if that accusation is fair, I visited the offices of Reckitt & Colman at Chiswick, West London. While bulldozers busied themselves removing the last remnants of the company's once-familiar landmark on the Hogarth roundabout – the Cherry Blossom shoe polish factory – I talked to its chairman, Sir John Cleminson, who this month completes a three-year period as president of the Food Manufacturers' Federation.

Sir James admits that the presence of British processed foods on the shelves of European supermarkets is not as great as many people would expect; but there are a number of reasons for that. He told me: 'At the time the UK went into the EEC many of us believed that the British food industry was probably the most efficient anywhere in the world, and that we would succeed in taking a reasonable share of the European markets. We have all been disappointed that we have not taken more.'

However, in the ten years of UK membership, the industry's exports have doubled – and two-thirds of that overseas trade goes to Europe. The increase is almost totally attributable to European sales. Even so, British food exports accounts for only seven per cent of the industry's output.

So perhaps Peter Walker is right, and British companies are not putting enough effort into exploiting the potential of European markets. Not so, says Sir James. The problem is that most of their efforts have been directed at maintaining their home sales. He says that, over the last 12 months, the volume of processed food sold on the UK market has probably gone up by about one per cent. In the previous two years it went *down* by two per cent. As well as having to cope with what is virtually a static market, the manufacturers have been trying to overcome the current economic situation by trading down. The result, according to Sir James, is that food manufacturers in this country are fighting each other for a share of the market. 'All their marketing efforts are being put into ensuring that share is not eroded. They don't have the money to spare to take a risk in new markets.'

That, anyway, has been the philosophy of many companies. But now the FMF is trying to encourage its members to see things differently. With a static home market the food firms should be looking hungrily at the opportunities which undoubtedly exist on the Continent. Before it can hope to make a great impact in Europe, however, it has to make some changes, the most important of which is to increase its productivity, so that its prices are more competitive.

The Food and Drink Manufacturing EDC – 'little Neddy' – examined this problem and published its findings in March this year. 'The level of overall productivity in food and drink manufacturing appears to be lower in the UK than in most other major competing countries,' it concluded. The UK industry's rate of improvement also seems to be relatively slow, even though there is 'no inherent reason why [it] should not enjoy a similar or superior position to that of other countries.'

The good news, says Sir James, is that management and trade unions have agreed that there is an 'absolute need to improve productivity', even though that could mean a loss of jobs. This co-operation has led to some very substantial improvements in productivity in the last two years.

Another factor that has unquestionably affected British export initiatives, says Sir James, is the strength of sterling today compared with European currencies. This makes it more difficult for our food firms to compete on price abroad, and easier for European companies – particularly French and German – to sell their produce here. That, of course, is yet another reason why UK manufacturers have put their muscle into promoting home sales, to prevent loss of sales to their European rivals.

'The rest of Europe has only some seven per cent of the UK food trade,' Sir James explains. 'But I feel we have got to take the sales campaign to their doorsteps.'

It has already started, with a special drive in the Netherlands. The FMF used a firm of consultants to identify a range of products for which opportunities exist in the Dutch market, and a leading advertising agent to produce promotional material. It then got together with the Department of Trade to arrange a Buy British fortnight in a Dutch supermarket chain, selling food from 22 UK companies.

Each participant has paid £2,000 towards the cost of the promotion, and the Department of Trade has matched it. The campaign will also benefit from each company's own advertising support.

It is a comparatively small beginning. The chain in question accounts for only about 1½ per cent of the Dutch food market (it is not, incidentally, the one visited by Peter Walker). But after Christmas the FMF hopes to move the promotion into a larger chain and gradually build up until British food becomes an established part of the Dutch market.

Meanwhile, the Department of Trade has initiated and financed a study of the French market, paving the way for a similar campaign there. There certainly should be plenty of scope in France, where good food is appreciated more and where the housewife expects to pay more for what her family eats. For that reason alone, British manufacturers could expect to sell on quality and good delivery, even if currency differences push their prices up.

In a few weeks' time, 'Food from Britain' should be ready to swing into action. It is Peter Walker's brainchild, and is to be backed by £14 million over a five-year period. Because that finance will in effect be index-linked, inflation is likely to push it to between £18 and £20 million. Nicholas Saphir, who is currently chairman of the Central Council of Agricultural and Horticultural Co-operation, will be chairman of the new council, which will have 15 members personally invited by the Minister.

Already 'Food from Britain' has two working parties, one looking at the home market and the other concerned with exports. Chairing the export working party is Hugh Bidwell, chairman of Pearce, Duff, the custard and jelly firm, who is also president of the British Food Exports Council – the export arm of the food industry.

Working parties have been established to identify the markets the Council will go for (both UK and overseas), and then decide how best to promote British food products in those areas.

Retirement isn't what it used to be

Have we reached the end of the 'sudden death' system of retirement, which turns an active worker into an old-age pensioner overnight? The European Community is working towards a system of 'retirement à la carte' – the European Parliament has just given a favourable opinion on the Commission's draft recommendations on flexible retirement.

The proposals, however, require drastic changes to comply with national laws on what constitutes the pensionable age, so they allow member states two years to reflect on what is involved. Ministers of the Ten will have to meet before mid-1984 to compare notes.

Human nature being what it is, no-one wants to work excessively; and any way of shortening the period spent at work is likely to be well received. For several years now, lowering the retirement age has been one of the Community's major social policy concerns: a number of surveys agree that there is more support for allowing people to retire earlier than for shortening the working day or the week.

There is not at present equality between Europeans as regards retirement. Differences are considerable and depend on sex, job and, especially, nationality. In the Community as a whole there is twelve-year spread between the earliest and latest retirement age regarded as 'normal' for social security purposes. It is better to be an Italian woman who can retire at 55 – than a Danish man who normally cannot stop work until he is 67.

In general, men qualify for retirement pensions at 65 and women at 60. This is the case in Belgium, Greece, France and the United Kingdom. Both men and women in Luxembourg and the Netherlands retire at 65, and in Ireland the age is 65 or 66. In Italy, the age for retirement is laid down by collective agreements, and ranges from between 60 and 65 for men to between 55 and 60 for women.

Germany has already introduced a flexible retirement system under which men can retire at between 63 and 65 and women at between 60 and 65. France intends to lower the retirement age to 60 from April 1983, and Belgium plans to introduce flexible retirement from 60.

In addition, almost all Community countries allow certain categories of workers to retire early. There are considerable discrepancies between the life expectancies of various social groups: on average, for example, postmen live longer than miners. The handicapped too, are allowed to retire early at 60 in France and Germany, for instance. So are workers performing heavy and unhealthy jobs, such as miners in Belgium, Luxembourg and the United Kingdom, steelworkers in France and Luxembourg, engineering workers and seamen in Belgium and the Netherlands.

Fixed patterns of retirement from work are under strain, for social and economic reasons. ADELINE BAUMANN looks at the different schemes operating in the Community

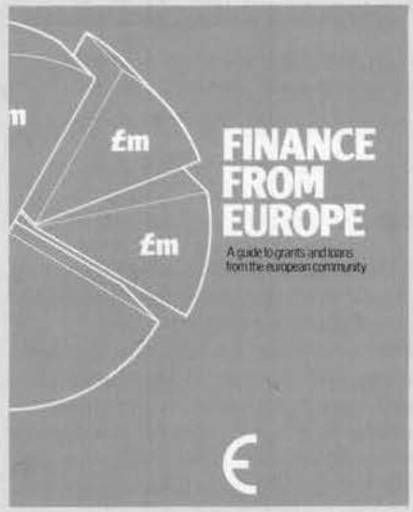
Certain other workers, particularly in Belgium and France, are allowed to retire early as a token of national gratitude for their war service, or if they suffered deportation during the War. A number of categories of civil servants also have special pension arrangements. In some countries collective agreements provide for retirement at a lower age – lower than that fixed for social security purposes. In Germany, for example, special measures have been taken to improve working conditions for workers in the cigarette, sugar and confectionery industries. Brewery workers, too, receive almost a month's extra holiday each year without loss of pay.

In response to the closure of firms, the difficulties being experienced by sectors in crisis or in order to hold down the number of unemployed, a number of Community countries have tried to encourage early retirement by granting substantial early pensions ranging from 70 per cent to 90 per cent of earnings, depending on the country. Belgium, Denmark, France and the United Kingdom have systems of this type, and the Netherlands has introduced one for certain jobs. They are usually temporary schemes, applicable only to certain groups of workers. The crisis in the Luxembourg steel industry has even led to early retirement being made compulsory for older workers.

Usually, however, schemes of this type are voluntary and are designed principally to reduce the number of unemployed. The United Kingdom's 'Job Release Scheme' allows workers to take early retirement if a job is thereby created for a young unemployed worker. This is the principle behind the 'contrats de solidarité' in France and similar schemes in Belgium and Denmark. Those who agree to stop work receive allowances which taper off until they are replaced by the 'normal' retirement pension.

The results achieved so far are inconclusive, and the effect on the employment situation appears to have been only marginal. One sceptic said recently: 'We make the young unemployed into students and the old ones into pensioners. It does wonders for the statistics, but nothing for the economy.' Not all workers who retire are systematically replaced by young people because, when there is an economic crisis firms are less willing to fill jobs that fall vacant.

Finally, these measures cost a lot of money at a time when pension funds are finding the present – much less the future – a cause for concern. Some solutions adopted in a time of crisis have short-term advantages, but cause problems where the effects of policies are lasting. Since social benefits once gained cannot usually be taken away, some decisions mortgage the future to a dangerous degree. The demographic structure of the Community should be a powerful counsellor for prudence – the population is ageing and the ratio between workers and pensioners is falling. Estimates suggest that by the year 2000 there will be one pensioner for every two people of working age – and this will create severe problems in finding the money to pay for pensions.



Where the money goes

In ten years of membership, Britain has received more than £8 billion of aid from the Community. Over £2 billion has come in direct grants to projects helping to revive industry and create employment, mainly from the regional and social funds.

A further £1,718,000,000 has gone towards new infrastructure investment as part of the budget rebate scheme. On top of this, £4.4 billion has come in cheap loans from the European Investment Bank and the Coal and Steel Community.

It is not always easy to find out how to apply for this European money. That is why the Commission's London Office has just published a new guide called 'Finance from Europe'. It is available, free of charge, from EC Distribution Dept, PO Box 22, Weston-super-Mare, Avon BS24 9EW.

'The success story over the past three or four years has been political cooperation'

LORD CARRINGTON, interviewed by David Wood, asserts his belief in Britain's membership of the European Community – 'We sometimes look less eager than we really are'

Lord Carrington, the former Foreign Secretary who resigned to show that he carried responsibility for his department's miscalculations over the Argentine invasion of the Falkland Isles, predictably proved to be his usual candid self. When I interviewed him in the London headquarters of GEC in Stanhope Gate, London, he was still as much the politician as the businessman he has once again become.

He declared his passionate commitment to 'Europeanism'. He explained how, by 'bad luck, or bad management' the United Kingdom had joined the European Community at a time when a world trade recession limited the benefits to political rather than economic expansion. He also looked rather wryly at the European Parliament and that 'odd animal', the Brussels Commission.

In or out of government, Lord Carrington's candour and common sense have made their political mark. I first asked him what he thought of the Labour Party's commitment to withdraw from membership of the European Community. Withdrawal, he said, would be disastrous. Let me quote him:

'The consequences of our withdrawing from the Community would be horrifying economically and politically. If you look at the trend of our trade – between 40-50 per cent to the Community – I can't see how the Community would allow us to negotiate a solution which would enable us to have all the advantages of trading tariff free within the EEC, without abiding by the rules or paying the subscription. Nor do I see why they should. If we were to pull out it would be a major setback for companies after ten years of adjusting and orientating themselves to the Community.

'And politically it would be disastrous. Politically, the success story over the past three or four years has been political cooperation'.

Lord Carrington placed much emphasis on the importance of political cooperation, no doubt with memories of the leading part he played in developing and nursing it. 'Curiously enough,' he remarked, 'even when the United Kingdom ministers fought over the budget, the quarrelling never spilled over into the political side.

'By being members, we have been able to influence the way things have gone'

'Of course, by being members of the Community we have been able to influence the way things have gone. We have benefited by being involved in influencing things the right way. If you look at the shambles Europe was in after the 1939-45 war, it is a remarkable achievement that ten European countries got together.'

How, though, do 'Europeanists' in British politics answer the argument for withdrawal, or, indeed, overcome any apathy or wilting commitment there may now be in the British electorate?

'The worrying thing,' Lord Carrington replied, 'is that it was easy, or comparatively easy, to run the Six when the world economy was expanding. But when you have a depression it is much more difficult for the countries of the Community to subordinate national interests to the common good. Our bad luck or bad management was to join just at the time when the oil hike took place, so that as a country we never had the advantage of the expanding years. We got the crisis years. Present disappointment is largely due to that.'

As Lord Carrington put it, 'The depression caused the Community, in economic terms, to run out of steam. Consequently, the Common Market has never been completed, not least in areas like banking and insurance, that are important to Britain. There is stagnation in the economies of the European countries, and everybody – myself in particular as a member of the Council of Ministers – came to the conclusion that the only way to get up momentum was political.'

That preoccupied and worried not only Lord Carrington as Foreign Secretary but also several other Foreign Ministers, including Herr Genscher and Signor Colombo. 'The Genscher-Colombo ideas were fairly unexceptional, but it was an attempt to make it look as though Europe still had some vitality in it.'

Lord Carrington accepted the destination for closer political unity as wise and timely, although he had characteristic reservations about the route. He found, for example, that for his taste the West Germans loved 'concepts', whereas his inclination was practical, if not frankly pragmatic. 'We think of letting the Community grow organically, rather than in conceptual ideas. They are setting out to have a blueprint, which we look upon with hesitation. We sometimes look less eager than we really are.'

He went on to show that he is not to be numbered among those who want to see the Community with an independent defence capability. 'I would not go along with that. The involvement of America in European defence is vital in the military sense, because I can conceive of no way the Americans would be prepared to pay for a European nuclear deterrent that would be credible vis-à-vis the Russians. Nor do I think the political thesis would be very attractive. The involvement of America is enormously important as a cement in the Alliance – particularly with the Germans, who would be very nervous about a European defence Community which did not include the Americans.'

Nevertheless, he conceded that it was illogical that the European Community did not talk about defence. He was cool about a defence role, because there were ten member countries of the Community and fifteen member countries in Nato. There must be care not to exclude Norway, or the Spanish. The French, he said were supersensitive about it; and it was a great problem that the Irish Republic does not belong to NATO and insists on keeping its neutrality. In the Council of Ministers, Lord Carrington said, the compromise was that they could talk about security, if not defence, and security included such questions as the arms limitation talks. 'I would be nervous about moving too quickly beyond that.'

What concerns him about West European defence is the peace movement, consisting of different groups of people genuinely alarmed about the proliferation of nuclear weapons. Lack of any contact for three years or so between the super-powers – partly because of Soviet invasion of Afghanistan – had an effect.

'To a certain extent we have a breathing space while the Geneva disarmament talks go on. But I can't see an early result. If that is so, we have to be vigorous in our defence, vigorous in showing where the blame lies. It is unilateralism that I complain about. It is all about lack of trust – we don't trust the Russians, they don't trust us. The only way you can get any sense in that situation is to build up, over a period, elements of trust, by arms limitation in the interests of both sides. And unilateral arms limitation is not the way to do it.'

I asked him how he saw the Community's institutions developing. Plainly, he believes that the European Parliament will have to stay content with its present powers, and that member countries should appoint to the Commission men and women of the very highest ability.

'Member countries should appoint men and women of the very highest ability'

Of the Parliament he says: 'It was there. Therefore, we ought to do what we possibly could to keep it involved with the Community. If you ignore it, it will in the end cause you a great deal of trouble. But I don't really believe, in the present state of the Community, that any of the countries concerned are going to give up a part of their sovereignty to a European Parliament. Nor do I see any member country which would be prepared to allow the Council of Ministers to be overridden by the European Parliament. That is the national safeguard.

'The problem is that you have set up an institution, and given it a credibility and authority, because it is elected by the will of the people. And yet, in the nature of things, it is extremely difficult to see how you can give it any power. All you can say is that on occasions it has influence.'

The Commission, he says, is 'a very odd animal', both political and non-political. 'What is important is that member countries send their very best people, because it will be up to them to provide the fuel to sustain the Community. We have to work very hard at it to see the Community does not come apart at the seams. It is hard work to keep your friendships in repair.'

□ David Wood is a former European Editor of *The Times*.

Ye Gods – a rare German painting for the National

London's National Gallery has acquired a rare German work, thought to depict the introduction of Hebe to Hercules, by Hans von Aachen (1552-1615). The painting, which was bought in April at Sotheby's, has been cleaned and reframed, and is now hanging in the Gallery.

After working in Venice and Munich, von Aachen was appointed Court Painter to the Emperor Rudolf II in Prague in 1592. A label on the back of the painting describes it as 'Ye Gods'. It certainly includes a number of well-known mythological deities and heroes, including Diana (wearing a crescent moon), Hercules (with club and lion skin) and Apollo (with his lyre). The suggested subject, the introduction of Hebe to Hercules, is described by Ovid in the Metamorphoses. Hebe, daughter of Jupiter and Juno, was presented to Hercules as his bride after he had ascended to Olympus to join the gods. The painting shows her on the right. Overhead is Jupiter, with his daughter Minerva.

The new acquisition is the first example by this elegant German painter to join the national collection.

... and a look at modern art from Italy

The Arts Council is currently presenting the largest exhibition of new Italian art ever staged outside Italy, at the Hayward Gallery in London. It runs until 9 January next year.

The exhibition has been organised by the City of Milan in return for the exhibition of British art, *Arte Inglese Oggi*, which was held there in 1976. It has been selected by the Italian critics Guido Ballo, Renato Barilli, Flavio Caroli, Vittorio Fagone and Roberto Sanesi.

Over 100 artists are included, ranging from such key figures as Lucio Fontana (1899-1968) and Piero Manzoni (1933-1963) to new groups such as Magazzini Criminali and Falso Movimento, who present a total spectacle of words, images, music, projection and dance.

Pictured right: Enrico Baj's 'Miles Glorius', dated 1966.

WHAT'S IN THE PAPERS

Denmark is claiming the right to take an extra 20,000 tons of mackerel a year off the west coast of Scotland, and has rejected all compromise deals offered by the Common Market.

The other EEC countries have already agreed a share-out of fishing grounds.

Agriculture Minister Peter Walker said yesterday: 'The Danes have no historic right whatsoever to west coast mackerel and there is no way we would ever agree to that.'

–Sun

The Danes are good friends of ours. Not since Nelson knocked them about a bit have we had a cross word with them. But the Danes are risking our long-standing good will by pushing extravagant demands on our fishing industry.

–Daily Express

We like the Danes as a people. We understand why they are being difficult. We know they are a small nation, very dependent on fish... also, that they have a precarious Government anxious to prove its political virility.

Well, that's tough.

Our fishermen have had their fill of playing philanthropists. They're fed up to the back teeth with baling everybody else out while their own livelihood is scuttled.

–Daily Mail

Although the GATT already allows emergency reductions in imports, the European Commission wants to be able to pick and choose which country's exports to trim. This conflicts with existing GATT rules, which say that members must not erect discriminatory trade barriers.

Developing countries reckon the Commission's ideas would simply give the Europeans a legal pretext to push them around. The Third World is unimpressed by the claim that safeguards would strengthen free trade by bringing the now-inevitable exceptions to the rules into the GATT framework. Developing countries reckon new rules on safeguards would simply lead to even more abuse. No compromise solution is likely.

–Economist

Britain and France last night avoided a major quarrel by the simple device of becoming the best of friends – or almost.

In an amazing diplomatic double, France gave way on the Falklands, and Britain ended the long-running dispute over French turkey imports.

–Daily Express

All the parties in the Confederation of EEC Socialist Parties oppose Labour's policy of pulling Britain out of the Common Market. But the Labour Party is not alone in Europe in going against the majority view of other Socialists. The ruling Greek party, Pasok, is not a member of the confederation and it has altered its attitude to the Common Market since coming to power.

Labour's deputy leader, Mr Healey, addressing the confederation's annual congress, warned that some of the protectionist measures contemplated by those who wish to bring Britain out of the EEC, by such means as trade restrictions or competitive devaluations, 'are more likely to lead to a trade or currency war than to insulate their sponsors from the recession in the outside world.'

–Guardian

The European Commission is making another effort to break down the internal protectionist barriers to trade which make the EEC somewhat less than a common market.

If the barriers did not fall, Herr Karl-Heinz Narjes, the Commissioner responsible for the internal market, said yesterday, recession would be inevitable. He blamed the EEC's slow decision-making process.

The Commission wants the Council to take action within two months on the following matters: controls on standards of imports from third countries: harmonising standards for goods made in the Community; and simplification of border formalities. It also wants an agreement to harmonise company law in the Community, if possible by 1984.

–Financial Times

Maybe the Arabs are not aware that the first thing the European Community agreed upon was the marketing of milk and other dairy products. It agreed to distribute these products throughout European countries without any tariff barriers. The European Parliament was established, and it is expected that the next step will be the emergence of the Federal State of Europe.

It is talent and know-how that has brought this about in Europe. Conversely, in the Arab world no one is expected to contribute to any scientific research, and prison is the common place for those who discover something of scientific benefit to their country.

–Al-Arab, London

About 23,500 tonnes of surplus EEC butter is to be unloaded in Britain, possibly in time for Christmas. It will carry a subsidy of 53p a kilogram and will be sold at approximately 10p off a 250 gram packet in specially marked wrappers.

–The Times

Britain's social security spending is the lowest in percentage terms in the Common Market, it was revealed yesterday. Figures released in Brussels show that just over a fifth of our gross domestic product goes on welfare whereas the Dutch spend a third. They are closely followed by the Germans and the Danes.

But other figures in a discussion paper produced by EEC Social Affairs Commissioner Ivor Richard show that Britain spends more than any other Common Market country on helping old people and is the third biggest spender on the jobless.

–Daily Star

The long-standing argument over European exports of steel to America and the more recent disagreement over equipment for the Russian pipeline have already undermined the health of the trading relationship to the point where an atmosphere of deep suspicion prevails.

In these circumstances it is better to negotiate from a position of strength inside a large trading bloc like the EEC than for a relatively small country like Britain to swim amongst the sharks in the open sea. Nevertheless the Government's aim should be to reduce the barriers between rival trading blocs rather than lend its support to increasing them.

–Daily Telegraph

It is the EEC which is responsible for 63 per cent of steel imports into Britain. But action against the massive imbalance of trade in steel products with the EEC is not on the agenda. A more realistic proposal is for the British Government to say that it is time for other European countries, in line with EEC policy, to take their turn in cutting back capacity and manpower.

The UK has taken the brunt of the manpower cuts. Probably more than any other country, Italy has continued to expand steel production. In 1970 Italy took a 13 per cent share of EEC production. By June 1982 it had reached 20 per cent, producing 24 million tonnes, ten million more than the UK.

–New Statesman

Unless European countries begin to collaborate more in strategic areas of high technology they could lose their place in world markets and some of their independence as well, according to a strongly pro-European report published this week by FAST, the European Commission's long-range planning group for research and development.

FAST (Forecasting and Assessment in the Field of Science and Technology) was set up in 1978 by the EEC's Council of Ministers to set long-term priorities in the Community's research funding. Preparing the report involved 36 projects in 54 European research centres. Five years on, FAST sees the role of EEC-funded research as building European industry around the two axes of the agro-chemicals industry (which may provide new sources of energy) and new space and electronics technology.

–New Scientist