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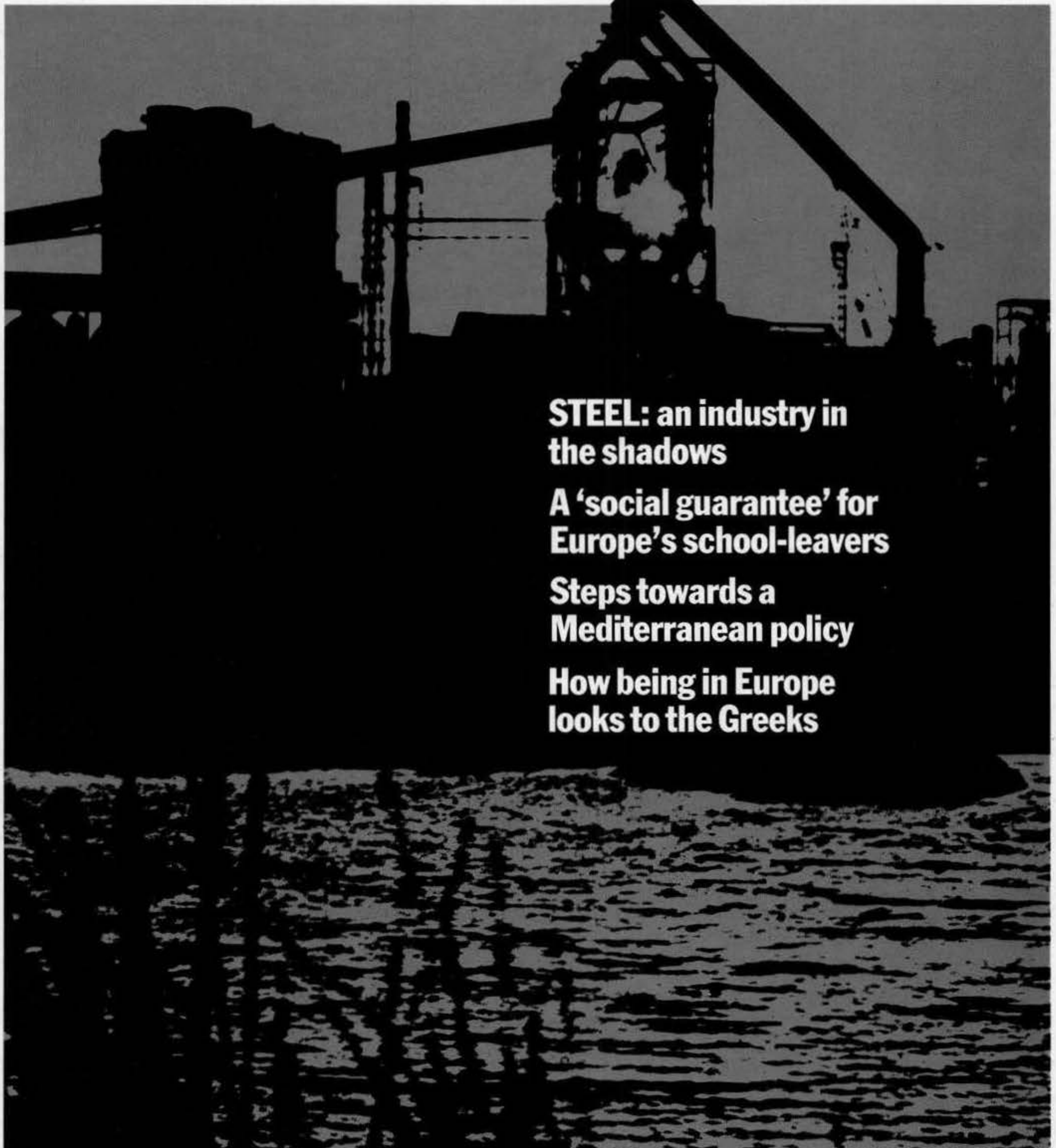

STEEL: an industry in the shadows

A 'social guarantee' for Europe's school-leavers

Steps towards a Mediterranean policy

How being in Europe looks to the Greeks

In this issue...

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Tel: 01-727 8090
Editor-in-Chief: George Scott
Editor: John Greenwood
Associate Editor: Denis Thomas
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Belfast Office: Windsor House, 9/15 Bedford Street, Belfast BT2 7EG
Tel. (0232) 240708

Cardiff Office: 4 Cathedral Road, Cardiff CF1 9SG
Tel. (0222) 371631

Edinburgh Office: 7 Alva Street, Edinburgh EH2 4PH
Tel. (031) 225 2058

Associated editions:

Europe, 2100 M Street, NW, Suite 707, Washington DC 20037, USA
Tel. 202 8629500

Europe, 350 Sparks Street, Suite 1110, Ottawa, Ontario, Canada K1R 7S8.
Tel. (613) 238-6464

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30 Jours d'Europe, 61 rue des Belles Feuilles, 75782 Paris Cedex 16, France. Tel. 501 58 85

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EF-avisen Gammel Torv 4, Post Box 144, 1004 Copenhagen K, Denmark. Tel 14 41 40/14 55 32

EG Magazin, Zitelmannstrasse 22, 5300 Bonn, W. Germany
Tel. 23 80 41

Comunidad europea, Serrano, 41-5 a planta Madrid-1, Spain
Tel. 474 11 99

Europaiki Koinotis, 2 Vassilissis Sofias, T.K. 1602, Athens 134, Greece
Tel. 743 982/3/4

Europa-bericht, EUR info, Archimedesstraat 73, 1040 Brussel, Belgium
Tel. 235 4178

Echos de l'Europe, Bàtiment Jean Monnet, Luxembourg-Kirchberg
Tel. 43011

Avrupa Topluluğu, 13 Boğaz Sokak Kavaklidere, Ankara, Turkey
Tel. 27 61 45

The end of an era for Steeltown

There seems to be no end in sight for the problems facing the European steel industry. During a visit to the North-East in September I was shown the effects of the current recession on the British Steel Corporation. I looked at the measures it has taken to cushion the blow for its redundant employees, and its imaginative efforts to create new jobs. All with the aid of European money.

ROY STEMMAN goes to see what is being done to combat unemployment in one of Britain's industrial heartlands where further cuts are threatened

Iron-making has a long history along the River Tees. But its expansion to a major industry dates the discovery of the outcrop of a seam of ironstone on the slope of Eston hill, back in 1850. It was of poor quality. But because it could be mined easily, and high quality coking coal was available from the south-west Durham coalfield a few miles away, a large number of blast furnaces sprang up, producing pig iron.

Along the banks of the Tees, from Redcar to Stockton, and along the coast from Skinningrove to Port Mulgrave, these ironworks were kept busy meeting the demand for castings for the railways and heavy engineering industries.

Since those days, and with the development of steel-making techniques, the industry has had a chequered history. But by the mid-1970s, with nationalisation behind it and a secure future apparently ahead, the steel industry in the North East was ready to embark on a major development that would make it a cornerstone of BSC. What happened instead was explained to me by Colin Over, divisional manager, administration and management services, at Steel House, Redcar.

Had I tried to make the appointment a week later, Mr Over would not have been available. For the man whose role, he told me, was 'generally to run the business as chief of staff to the managing director', was taking early retirement after 37 years with the company. It was voluntary redundancy, and he was not being replaced. His responsibilities were to be scattered among his remaining colleagues.

Back in 1973, he recalled, BSC was poised to begin development of the Redcar site at a cost of £500 million. £150 million of that was loaned by the European Investment Bank. Over £5 million was also made available by the European Regional Development Fund (ERDF) towards the cost of constructing a blast furnace.

The development programme began with the provision of ore and coal unloading facilities at Redcar, followed by the construction of a completely new iron works. The plan, involving the building of a great new blast furnace to make 10,000 tonnes of iron a day, would enhance the steel-making capacity of Redcar to 5 million tonnes of steel a year.

In 1973, Colin Over explained, it was envisaged that there would be a further large-scale follow-up phase in the late 1970s through to ▶

1985, in which a second and third blast furnace would have been built, together with other steel plant and a series of rolling mills that would have enabled Teesside to produce just short of 12 million tonnes of steel a year.

By 1975, when the effects of the first oil crisis were begining to be felt, the first phase was well under way and plans for the subsequent development were in hand. In 1977 ominous signs had appeared that steel was not likely to rattle along at the rate that had been predicted.

BSC was highly dependent in its forecasts on what other people – such as car makers, shipbuilders and plant processors – told it about their markets. At the time the plans were being drawn up for 12 million tonnes of steel a year to be made at Redcar, the car industry was predicting annual output of three million cars, the Central Electricity Generating Board was unveiling a grand plan for many new power stations, and British shipyards still had full order-books.

'We compounded all their errors,' said Colin Over. 'World steel consumption had been increasing at a speedy five per cent a year, and no one could see any reason why that should change.'

Soon, however, the change was all too apparent. The line which had been climbing steadily across the graph suddenly went into a steep decline. The follow-up phase for Redcar was cancelled in 1978, since when the downward trend has continued. The first phase of Teesside's development programme has been completed and the new works have proved themselves capable of producing the five million tonnes a year they were designed to manufacture, but even that is more than the market will now support.

So, in fairly rapid succession, BSC has been cutting its steel-making capacity, and the North-East has not escaped. The Consett works, 40 miles north of the Tees, was closed in 1980. That cut steel capacity by 1½ million tonnes annually. At Cleveland, the electric arc furnace, capable of making ¾ million tonnes a year, was closed a year later.

These closures were part of the plan formulated at the end of 1980 by BSC chairman Ian MacGregor, to reduce the Corporation's output nationally to 14.4 million tonnes a year. Teesside was allotted more than a 20 per cent share of this total – 3 million tonnes – but that is well below its capacity.

'European Coal and Steel Community grants have resulted in greater compensation for loss of jobs than in other industries'

It has been endeavouring to produce those 3 million tonnes as economically as possible – which in turn has meant more plant closures, and the scaling-down of the services that had been built up in anticipation of a 12 million tonnes output.

'Something like 6,000 workers have gone in this area,' Colin Over told me, 'and another 800 we have just negotiated to go this week.' The only consolation for these redundant workers is that European Coal and Steel Community (ECSC) grants have enabled them to receive greater compensation for loss of jobs than they would have had from other industries. Those ECSC grants have included over £5½ million for 4,928 workers at Consett, and more than £1 million for 1,188 workers affected by part closure of Cleveland works.

In three years Redcar has experienced a dramatic reversal: 'from buoyant, euphoric expansion towards a spartan economy, trying to hang on to the minimal single blast furnace, single steel operation – and make it viable,' says Colin Over.

Sadly, even this may not be enough. Between October 1981 and April 1982 Redcar was running at a weekly rate equivalent to the 3 million tonnes per annum it had been allocated under the MacGregor plan. Since then, sales have slumped badly. Output has dropped to 2¼ million tonnes – less than half its capacity.

Since my visit to Redcar there have been reports that, faced with mounting losses, BSC is planning further economy measures, including the moth-balling of Redcar's blast furnace to cut its output by half, bringing back into service two smaller, older units.

Future profitability will depend not only on cost-cutting exercises but also on finding more economical ways of producing steel. To that end, ECSC research grants may prove to be vital, and Teesside has received more than

£1.4 million for its research programme.

Among the projects is one concerned with electro-magnetic stirring during solidification. Another is looking at centrifuge iron-making processes; a third involves new plasma source spectrometric techniques for the steel industry.

For many people this research no longer has significance. Their participation in steelmaking has ended, and they have joined the unemployed. But the Corporation has not forgotten them. For nearly a decade, mainly through its job-creating arm BSC (Industry), it has endeavoured to assist not only its former employees but anyone in the areas affected by its closures who wants to start new businesses.

The origins of the company go back to Lord Melchett's days as chairman of the Corporation and the appointment in late 1974 of four people, in different areas affected by closures, whose job it was to help generate new jobs. BSC (Industry) was formed in 1976, at a time when it had become obvious that the Corporation would need to be drastically slimmed down.

The North-East was affected at an early stage. Hartlepool, close to the north bank of the Tees, was one of the four places to which one of Lord Melchett's appointees was sent. Since then, and with the setting-up of BSC (Industry), Hartlepool has been as well cared for, in these hard times, as any steel closure area.

Left: the panorama of Teesside. Above: Hartlepool's deep-water dock has been handling coal, iron ore and steel. Now its main commodity is timber.

I went to see Alan Humble, BSC (Industry) co-ordinator for the area. I found him at the Hartlepool Workshops at Sandgate Industrial Estate – one of two workshop centres which it has set up to provide accommodation for new, small businesses. This formula is one that has been used to good effect in other parts of the country.

The usual arrangement is that BSC (Industry) acquires a disused Corporation building, converts it into industrial or commercial premises, puts in a manager to look after it and to advise the tenants, and makes life easier for new businesses by giving them licences. There are no long leases to add financial burdens to their enterprise.

As well as the Sandgate development at Hartlepool, which was purpose-built, the town also has a second workshop on the Usworth Road Industrial Estate, following the purchase of a timber factory (no BSC premises were available for either of the workshops). Sandgate is a two-acre site, and Usworth covers five acres. One of Sandgate's early tenants was an ex-BSC man who had expanded his hobby into a thriving business making giftware, trophies and metal sculptures.

The financial incentives available through BSC (Industry) are exceptional. Large companies attracted to steel closure areas can benefit from a package which includes financial help from the government, from the ECSC, from the EEC, from local authorities and from BSC (Industry) itself. The advantage for smaller firms, such as those in the workshops, quite apart from the financial considerations (including low-cost unsecured loans), is the professional help and guidance that is available from consultants.

Managing the Sandgate and Usworth workshops is George Barnes who, for 12 years of his working life with BSC, closed various of the Corporation's works. He supervised the end of iron and steel making at Hartlepool South works, closed the North works, and brought an end to the iron and steel operations at Cargo Fleet on Teesside. Now he has the more rewarding task of helping set up new businesses.

Alan Humble started his career in the old Consett ironworks as a management trainee. Nearly four years ago he joined BSC (Industry) at Consett and moved down to Hartlepool a year ago. It was at that time that the various co-ordinators were called together and asked to think about the future. 'It is no secret,' he told me, 'that BSC will discontinue funding us from March 1984. It was always recognised that things would not go on for ever. I took the view that the problems of Hartlepool are very grave, but by no means all of BSC's making. And I felt we still had some commitment to the town.'

'The social conscience of British Steel has extended to encompass the community'

As a Special Development Area, Teesside qualifies for such benefits as tax allowances on capital expenditure, regional assistance schemes, cash grants from government agencies, training grants, provision of ready-built factories – and loans at low interest rates, particularly from Europe.

BSC (Industry), a wholly-owned subsidiary of British Steel, plays a leading part in the drive to bring new industry to the area. The service includes contact with bankers, trade unions, and community leaders, help in drafting applications, and professional advice backed by first-hand experience in the industrial world.

The head office is in London (01-686 0366). The North-East's Industrial Development Officer is stationed at Cleveland, Hartlepool (0429 66522).

The solution which Alan Humble has proposed, and which has met with widespread support, is the creation of a Hartlepool Enterprise Agency as a limited company. He is also forming one for Cleveland. He will be a director of the company, whose board of directors will include representatives from large companies in Hartlepool, including Rank Hovis McDougall, GEC, Barclays Bank and local authorities. It is a condition of membership that each should make a contribution to the ▶

Agency. Some are making substantial financial payments, others are seconding staff. 'We have enough money to guarantee the Agency's life for three years,' Alan Humble told me, 'and we are currently looking at the possibility of applying for help from the EEC.'

In effect, the social conscience of BSC has extended to encompass the community – rightly so, since most large employers have had to shed workers and so have contributed to the problems of the area. It remains to be seen whether this concerted effort to attract and create new job opportunities will make a dent in the 20 per cent unemployment figures for the area.

Meanwhile, the EEC is lending a hand in another way. In May it was announced that the ERDF's non-quota section was making sizeable contributions to encourage new development in areas hit by steel closures. Cleveland is one of the seven areas named. It will be receiving £2.39 million from Europe.

Britain is not alone – and this may be cold comfort – in suffering a rundown of its steel industry. The European Community is now producing less steel than thirty years ago, and demand is still falling. In the Community as a whole, a further 70,000 steelworkers are expected to lost their jobs over the next three years – in addition to the quarter of a million who have been made redundant since 1975.

The Commission announced early in October that it was setting up an operation within the European Regional Development Fund to help provide jobs in the worst-hit areas. It would like to see EEC Regional and Social Fund operations being coordinated with the special measures already being taken by member states to encourage small and medium-size businesses in steel-closure areas.

Consett, above, was an earlier casualty of the steel crisis in the North-East. Works, town and countryside have suffered the shock together.

The Commission is also being pressed to take action to stem the flow of imports from non-EEC sources such as Eastern Europe, Austria, Brazil, and South Africa. There have been complaints that steel firms in some member states are failing to observe the minimum prices for steel agreed under the Davignon Plan. This results in unfair competition within the Ten, with the British Steel Corporation, which has held to the agreed levels, proving especially vulnerable.

With BSC's losses running at over £7 million a week, despite all that has been done to hold on to an economic share of a shrinking world market, the situation remains critical – even for works which are among the most up-to-date in Europe. Without the EEC's effort to hold Europe's steel industry together – however unevenly applied in member states – the outlook would be unhappier still.

More ECSC funds on the way for Britain's steeltowns

In the past few weeks a total of £17.1 million has been made available in low-cost loans for new investment in Britain's steel areas, under the provisions of the European Coal and Steel Community Treaty. In London on 29 July, Commissioner Ivor Richard signed a loan contract for £1.8 million with Cleveland Offshore Ltd.

The level of unemployment in the UK is particularly pronounced in areas where the steel industry has had to make workers redundant, and the ECSC provides special reconversion loans to encourage the creation of new job opportunities in these areas. Beneficial interest rates are provided by using low-interest bearing foreign currencies backed by the UK exchange risk guarantee scheme and then reducing the rates by a further 3 per cent per annum by a transfer from ECSC funds.

In **Middlesbrough**, Cleveland Offshore is receiving a loan of £1.8 million towards the extension of their fabrication facilities for large structural steel assemblies on Teesside. This contribution, together with additional investment by parent company Trafalgar House, will create about 280 additional jobs.

In **Dudley, West Midlands,** Danks Engineering is receiving a loan of £2 million towards the extension of their boiler manufacturing facility of Dudley. The project as a whole will create about 380 additional jobs. And in **Newport, South Wales,** Mitel Telecom is receiving a further £5 million as part of the £16 million loan facility already agreed towards the establishment of a new manufacturing capacity for telephone equipment. When complete this project is expected to generate about 1,700 new jobs.

Loans for less than £1 million are handled by a number of financial intermediaries, so making funds available to small enterprises. New disbursements in this category bring the UK total for reconversion loans to £37 million this year, of which £21 million has been for major projects and the balance for smaller enterprises.

Also announced are readaptation grants totalling £5,763,000 to finance measures to help workers in the British steel industry who are affected by plant closures and modernisation.

The grants are made under article 56 of the European Coal and Steel Community, and will be used to help fund current schemes for early retirement, retraining and income support which are administered by the Department of Industry.

The bulk of the cash will go to 1800 workers, including 32 employed by IMS Lycrete, who get £5.3 million, having lost their jobs as a result of closure in 1979-81 of BSC plant at **Workington** and **Whitehaven.**

In **Sheffield,** south Yorkshire, 127 workers affected by the closure earlier this year of the high frequency furnace and the no. 6 mill at Firth Brown Ltd's Savile Street works, Sheffield, will receive £303,000.

At **Stourbridge,** west Midlands, 60 workers affected by the closure of one mill at John Bagnall & Sons Ltd's works, share £160,000.

Facing the future – with a shaky faith in human nature

If the populations of Europe and the United States are to advance together into the 21st century, they need to have a realistic, calculated idea of the kinds of people they are. So runs the reasoning behind a research project by Campbell-Ewald, the international advertising group, the University of Southern California, and Diagnostic Research Inc, who carried out the fieldwork.

The researchers set out to discover what Europeans and Americans regard as the salient characteristics of human nature, including personal honesty, concern for one another, and feelings of integration or alienation as members of society. The method was to invite responses to statements such as 'Most people will tell a lie if they think they could gain from it'; 'People pretend to care more about one another than they really do'; or 'Most people inwardly dislike putting themselves out to help other people'.

The originator of the project is Professor Donald Kanter, formerly of the University of Southern California, who now heads the department of management at the University of Boston. The picture that emerges from his survey is not particularly cheering to those who take human nature on trust, or who share Dr Kanter's concern that, in the West, success or failure of national entities over the next fifty years will depend on people's belief in their ability to shape the future. In this respect, it complements the Eurobarometer check-up reported in the September issue of EUROPE 82.

Most Europeans and Americans, it appears, take a disenchanted view of human nature, though in different degrees. Cynicism, and acceptance of hypocrisy in daily dealings, are evidently rife in Europe, though markedly less so in America. The British, closest to the Americans on several counts, stand out for their attachment to the here-and-now and lack of thought for the future. Dr Kanter calls that particular quality in the British 'not so much lovable as disturbing'.

The study is a pointer to the attitudes, values and beliefs that distinguish seven cultures: those of the United States, Britain, France, Germany, Italy, Belgium and Holland. Nationals of all these countries were asked to react to the same list of assertions, designed to elicit unambiguous answers touching on social and moral characteristics, feelings about the present, and fears for the future.

The respondents were all women aged between 22 and 50, with children at home and above-average family incomes – a demographically distinct group of 3,000 individuals, 2,250 of them from Europe and the other 750 Americans. For once, these were women being questioned not as housewives or consumers but as 'culture-bearers and disseminators' – a role that takes into account their everyday perceptions of what they see and experience in the world around them.

Samples taken among Europeans by US researchers suggest that, as individuals, we take a sceptical view of one another's natures – and of our capacity to shape our ends

In their responses, the women were speaking as nationals, drawing their opinions from inherent knowledge of their own people and their own class. With no axe to grind, they were giving clear indications, as Dr Kanter sees it, of national character and behaviour. Collated, their replies amount to an unwitting self-portrait by each of the national groups in the sample.

Some of these fit well with popular assumptions, such as that Germans are hard workers (90 per cent of them agreed that 'If a person tries hard enough she will usually reach her goals in life'); or that the French are fatalistic (76 per cent of them agreed that 'Most people have little control over what happens to their life') whereas the British are not – only 27 per cent of the British sample went along with that statement.

Other findings go much further, to a point where self-knowledge comes as something of a shock. The Italians, for example, showed up conspicuously – 92 per cent of the sample, the highest rating in any category – in agreeing that 'People claim to have ethical standards, but few stick to them when money is at stake'. The British 'score' on that proposition was 62 per cent, the lowest except for America (61 per cent).

But 62 per cent amounts to a lot of sceptical Britons, even if the average percentage figure for Europe as a whole comes out, on that point, at 85. Dr Kanter stresses that the variations in degree should not be allowed to camouflage the *absolute* levels of response, which indicate a high degree of disbelief in conventional codes of behaviour even among the relatively non-cynical British and Americans. Who believes, for example, that 'Most people will tell a lie if they could gain by it'? Answer: 92 per cent of Italians, 89 per cent of Belgians, 87 per cent of the French, 84 per cent of Germans, and 65 per cent of Americans, British and Dutch – large majorities, and very large numbers, across the board.

Again, in response to the statement 'Most people are just out for themselves', an impressive – or depressing – majority agreed: from 88 per cent of Italians to 61 per cent of British. A closely related pointer to a caring, or uncaring, society emerged from the proposition that 'Most people inwardly dislike putting themselves out to help other people'. This time it was the French who headed the list of assenters with 83 per cent. The Italians were next (81 per cent) and the British last: 38 per cent, lower even than the Dutch (42 per cent) and the Americans (50 per cent). However, the absolute figures show that niceness is only relative. 'Britishness' comes through (Dr Kanter likes to think) in disagreement with such statements as 'It is getting harder and harder to make true friends' (only 43 per cent of the British agreed) and 'People are pretty much alike in basic interests and personalities' (a mere 28 per cent).

The Dutch sample, true to their egalitarian stereotype, took the opposite view on this latter suggestion: 72 per cent of them agreed. They also revealed a national inability to 'tune in' to other people. To the suggestion that 'You can never really understand the feelings of other people', no less than 83 per cent of the Dutch sample agreed, as opposed to 50 per cent of the British.

Generalising from responses to the various related propositions, it seems that the French, the Belgians, Italians and Dutch feel that they are less in control of their fates than do the Americans, the British and the Germans, in that order. The same group – France, Belgium, Italy, Holland – share a mood of resignation in face of officialdom.

Despite the unpromising outlook for everybody, reluctance to have children is lower in Britain than in any of the European countries in the survey. On the other hand, Britain, along with Holland, seems to be least concerned with thoughts of the future. Dr Kanter sees this as an indication of mental inertia rather than satisfaction at the way things are. He points to the 87 per cent of the American sample who 'think about the future a lot', compared with 56 per cent of the British.

Asked why so large a minority should appear unconcerned about what lies ahead for them, Dr Kanter suggests that British history gives people a feeling of continuity and survival. However, as a behavioural psychologist he takes a less comfortable view. To him, the reluctance of 44 per cent of Britons to cast their minds forward indicates an unwillingness, or inability, to imagine a different – and more self-demanding – future.

DENIS THOMAS

How much do you know about women?

Women in the 19th century faced the choice, in the words of the French trade unionist Proudhon, of becoming 'housewives or courtesans'. But times have changed, and so has the role of women, according to EUROFOCUS.

European Community statistics published in the current edition of Women of Europe provide a wealth of unfamiliar information about women in Europe today. Marriages, for instance, seem to be working better in Belgium than in other European countries: about 52 per cent of Belgian women are married, compared with only 38 per cent of Irish women. Generally, Belgian and French brides are younger than their Italian or Danish counterparts.

Divorce rates are on the way up – they have doubled since 1960 in almost every country in Europe. They have tripled in the Netherlands and increased five times in Britain. In Catholic Italy and Ireland, marriages last longest. Birth rates, on the other hand, are declining all over Europe. The Italians and the Irish again lead the field, ahead of the French and the Danes.

But the most striking development of the last twenty years is undoubtedly the increasing participation of women, and especially married women, in the Community's workforce. The highest percentage (49 per cent) of working women are to be found in Denmark, followed by the United Kingdom, France, the Federal Republic of Germany and Belgium. Only 13.6 per cent of the women work in Ireland.

A recent survey by the World Watch Institute stresses that more and more women are finding work outside their homes, but are still doing domestic tasks. This means that their working week may be fifteen to twenty hours longer than that of a man. At home, women work without being paid and contribute to society, but are never included in official statistics. Similarly, women working in small and medium-sized family-run farms, shops or businesses are not classified as having a 'profession'. Moreover, almost 60 per cent of the family members working in similar concerns are unpaid.

Although domestic chores seem to weigh on working women, most of them seem to manage. Threequarters of working married women have full-time jobs except in the Federal Republic of Germany and the Netherlands, where the percentage is smaller.

Almost half the agricultural work force in the Federal Republic of Germany is composed of women, and almost a third in other European countries. The number of women working in the industrial sector is highest in Italy, followed by the Federal Republic of Germany. Generally speaking, less than a quarter of the total industrial workforce is composed of women. But more than two thirds of women who work are concentrated in the services sector (almost 83 per cent in the Netherlands).

More than 60 per cent of women working in agriculture are part of farmers' families; but about 90 per cent of those working in industry and 95 per cent of service workers are wage earners. Women farm managers are mostly found in Ireland and the United Kingdom. In Italy, 15 per cent of working women are employers of independent workers in the services sector, compared with only 4 per cent in Denmark. About 12 per cent of employers and executives in the industrial sector in Italy are women – slightly more than in the United Kingdom.

Equal pay for men and women still does not exist, especially in the industrial sector where women mostly perform unskilled jobs. Education is an important factor in this area, and Community statistics appear to be encouraging. There are more women going to further education and university than ever before, and they amount to almost half of all students. Women are also no longer tied to traditional courses like teaching (except in Belgium and Luxembourg where the percentage is increasing), the arts and literature. They are now turning in increasing numbers towards medicine, the social sciences and law.

Europe's students are getting around

There are fewer and fewer national frontiers for Europe's students, and the 1982/83 academic year should be a milestone in cooperation in higher education. Among its new projects, the European Commission in Brussels has just awarded 93 new grants, worth £190,000, for students to study in other European Community member states.

The primary objective of the grants, which are paid to institutions, is to stimulate and expand the mobility of students, lecturers and scientists among the ten member states of the European Community. A total of some 467 grants have been awarded under the plan. But this year, for the first time, more than 60 per cent of the programmes will involve student exchanges.

Some 5 million students are currently enrolled in the 3,400 institutions of higher learning in the European Community. But despite encouraging cooperation in education, Community Education Commissioner Ivor Richard says that 'there are still too few students benefiting from the experience of having pursued part of their studies in more than one Community country, although the links that unite the member countries are multiplying, making an awareness of the other countries more and more necessary'.

The Commission grants are not strictly limited to helping students but are also designed to increase cooperation between institutions of higher learning. Because of them, universities as far apart as Cork and Thessaloniki can collaborate in a programme in European law. Aarhus in Denmark and Consenza in Italy have started on a joint study in information sciences, and the universities of Montpellier and Copenhagen are working together on a programme in agricultural economics. Chemists in Dublin and in Padua, in Italy, are also running a joint programme.

As was the case in previous years, the 1982/83 grants cover a wide range of academic disciplines. Engineering and natural sciences get a larger share of the new programmes, as do the social sciences, but there is a growing proportion devoted to the fine arts, a previously under-represented field. A number of projects also have a multidisciplinary approach. In one programme, architects, sociologists and legal experts will be studying the effects of modern urbanisation on juvenile delinquency in big cities.

'We always say it can't get better – but it always does'

The European Community Youth Orchestra has just ended another triumphant season. But financially it's a struggle to keep it going

Could I call you back? You see, Sir Georg Solti has just given me the music for the Parliament's anniversary concert and I'm buried under papers, trying to get in touch with the members of the orchestra to see if they can play it.

It is an even more usually hectic day for Nickie Spiller the orchestral manager of the European Community Youth Orchesta, now five years old and on the crest of a musical wave. They have been described by Claudio Abbado, who has wielded his baton before some of the best, as 'one of the great orchestras' – this despite a fluctuating, non-professional membership and an age range of 14-23.

Abbado is currently ECYO's musical director, and Solti the 1982 guest conductor. The concert in question was the climax of the Orchestra's 1982 season, a performance of Beethoven's 'Eroica' Symphony and Strauss's 'Ein Heldenleben' at Strasbourg, to celebrate the 30th anniversary of the European Parliament. The Orchestra's new president is Pieter Dankert, President of the European Parliament, and as Nickie Spiller puts it, 'It's particularly nice to be able to welcome our new president in this way: musically, not just by letter.'

To play before the European Parliament is something the orchestra has wanted to do ever since it started, born of an all-party resolution by the Parliament in March 1976, and nurtured under the patronage of the member states of the European Community and the Commission. In the belief that the Community is more than a purely economic union, the founders aimed to establish an orchestra of talented and dedicated young musicians of the highest possible standard from all the member states, which would perform each year in the major capitals of the Community, demonstrating the cooperation and creativity of European youth. The musicians themselves benefit both from the chance to work with some of the world's finest conductors and the boost belonging to ECYO gives to their musical ambitions, as well as from the experience of living and working together, developing friendships and achieving a common goal.

The 145-strong orchestra is chosen by annual competitions in the member states from more than 4,000 applicants. Though ▶

'The orchestra is chosen from more than 4,000 applicants every year'

there is a nucleus of regular members, they have to re-audition each year against new applicants, and there is an annual turnover of 40 to 50 per cent. The orchestra comes together during the college holidays for an intense rehearsal period prior to the summer tour, which this year took in Aix-en-Provence, Monte Carlo, Bologna, Perugia, Rome, Vienna, Villach, Amsterdam and Ostend. At Easter they had a tour to Mexico; next Easter it may be Japan. Nickie Spiller reckons the orchestra gave its best performances ever this year. 'We alway say it can't get better, but it always does. I suppose it's because we have the pick of ten countries and get the finest players. It's also their attitude– they love music and they really enjoy playing.'

Ms Spiller's job involves her organising the UK auditions, getting the orchestra together and making sure they have the right equipment, stages and instruments (especially percussion and keyboard where the players do not use their own instruments), fixing concerts and contracts, making travel arrangements, and general coordination – as well as travelling on tour 'to make sure all things I've arranged don't go wrong'.

She has had her nightmares, as when suppliers delivered a harpsichord for a piano concerto and with irritating frequency, when instruments have been held up at intra-Community borders. 'The forms are very complex, and if the musicians make the slightest error everything can be held up for hours. Within the Community one would have thought there could be more freedom of movement' she says.

But there are highlights, too. Musically, for her this year it was the Vienna performance of Mahler's Fifth Symphony. There are also the funny or touching moments which make all the hard work and hassle worthwhile. At the last concert, in Ostend, the orchestra came on wearing carnations and showered Abbado with them at the end. 'They also play awful jokes at rehearsal. Once they showered the conductor with water pistols. But at the next rehearsal Abbado got a water pistol of his own and took his revenge. It's all part of the spirit of comradeship that builds up within the Orchestra.

'Living so closely together you get to know each other very well. They are amazing: they know what is important in life, both musically and morally. For them, it's not money but friendship, music, caring.' Some former members found the experience so valuable they have started a Chamber Orchestra of Europe for older people who want to maintain the spirit of the ECYO.

'One of the aims of the orchestra is to help people in their professional lives. We did a survey which shows having played in the ECYO is a good ticket for a job. Even among those who do not want to go to become professional musicians, I don't think the experience is ever lost,' says Ms Spiller. It is an experience they would like to share with a wider range of people, but this is a difficult task in these recession-hit times. 'The arts are not rich these days,' says Ms Spiller, 'and though the Commission and the member states have upped their contributions we still have to find half our budget from private sources. These past two years have been a real struggle.

'It's such a shame – every year we get better, and we would prefer to expand. We have such wonderful ideas. For instance, our tutors are the best in the world. This year, four principals from the Chicago Symphony Orchestra, professors from Chicago, Utrecht, Freiburg, London, Siena and Vienna, and other world-renowned soloists. One day we would like to make that into a school, open to all those talented musicians who didn't get into the orchestra.'

In spite of the problems, Secretary General Joy Bryer refuses to be despondent. The ECYO is determined to reach its tenth birthday.

Shortfall on cash for the Social Fund

The Commission has made available a breakdown of applications to the European Social Fund, and the extent to which these outweigh the resources available to meet them.

In a reply to a question by Joyce Quin, MEP for South Tyne and Wear, Mr Ivor Richard, on behalf of the Commission, produced a table (below) showing comparisons between appropriations for 1981, volume (in cash) of eligible applications received, and the rate of over-subscription. A fourth column shows the amounts which had to be refused after using the requisite weighting system in respect of priority applications. Mr Richard's answer continued:

'The rate of oversubscription indicated in the table undoubtedly underestimates the true shortfall in resources, given that promoters do not on the whole file applications which although eligible would not receive a priority classification in accordance with the Guidelines and would therefore have no prospect of receiving ESF support. (For example, all training programmes for young unemployed people taking place outside the designated priority areas.)

'Although it is too early to give comparable detailed figures for 1982, it is estimated that the general rate of oversubscription will increase from 99.59 to over 120 per cent, and that the amount to be refused in respect of priority applications, after using the system of weighted reduction will increase from 704.25 MECUs (£394 million) to 1,245.05 MECUs (£697 million).

'As regards 1983, the Commission has taken account of Community policy priorities and the pressures on each sector of intervention of the Social Fund and has proposed a 44.8 per cent increase in the overall Social Fund Budget in the 1983 preliminary draft budget. These proposals have been drawn up on the basis of the Social Fund Regulations currently in force.'

Category of Intervention	Appropriations MECU	Volume of eligible applications MECU	Rate of over-subscription (%)	Refused after weighted reduction MECU
Agriculture	5.00	17.90	258	11.73
Textiles	13.00	35.64	174.15	16.94
Migrants	30.00	188.12	527.07	107.48
Young people:				
training	264.00	519.78	96.89	165.93
employment	108.00	165.16	52.93	25.59
Women	22.00	105.99	381.77	81.41
Regions	395.00	661.67	67.51	222.75
Technical progress	25.00	54.18	116.72	10.33
Groups of firms	8.00	19.33	141.63	4.13
Handicapped	90.00	150.41	67.12	57.95
Pilot projects	3.00	3.83	27.67	–
Total	963.00	1,922.01	99.59	704.24

MECU means millions of European Currency Units. For conversion to £million, multiply by 0.56.

Ivor Richard proposes a 'social guarantee' for school-leavers

A plea for a 'radical simplification' of the European Social Fund, enabling the Fund to 'concentrate its resources in areas of greatest need' and also to respond to the new vocational training challenges of the 1980s, was made by Mr Ivor Richard, the Commissioner for Social Affairs, on 6 October.

Mr Richard was presenting two major items approved by the Commission – the Commission's opinion on the review of the European Social Fund, and a communication on 'vocational training policies in the European Community in the 1980s'.

Contrasting the economic context in which the Social Fund was originally conceived – one of growth – with the present climate of persistent downturn, Mr Richard stressed that the Fund must adapt to be able to meet today's harsher realities. These, he said, were instanced by an EEC dole queue of 11 million – or 9.7 per cent of the labour force – of which 40 per cent were age 25 or under and amongst which, in addition, were 37.2 per cent of jobless who had been out of work for 12 months or more.

In order to concentrate on meeting new training and unemployment needs, the Fund should both be simplified and possess new criteria for selecting areas of greatest need, Mr Richard said. The Commission was proposing to replace the existing nine separate fields of Fund intervention with one broad category encompassing all the training and employment projects for adults currently eligible within the existing Fund. In addition there would be one other category – for young people – given the importance now attached to the bourgeoning problem of youth unemployment. For young people leaving school, the Commission was proposing to member states a 'social guarantee', for which some Fund money would be made available.

On the new criteria for selecting areas of greatest need, four separate indicators – general unemployment long-term, stuctural unemployment, youth unemployment and GDP per head – should be used, said Mr Richard. In addition, the areas themselves would be identified not at the usual regional level (the so-called Regional Level II) – which has proved too large to reflect the real gravity of local pockets of high unemployment – but at Regional Level III (e.g. the French 'département', the Italian 'provincia', the Belgian 'arrondissement', the British county). However, Mr Richard emphasised that the six existing super-priority regions (Greece, Greenland, the Mezzogiorno, Northern Ireland, Ireland and the French overseas territorites) would remain top priority. At the same time, the Fund would now be able to meet the challenge of unemployment black spots.

In addition, part of the Fund, said Mr Richard, would be available for supporting innovatory training and employment projects in the member states.

Mr Richard, who underlined the progression in Social Fund resources from just over 1,000 million ECU in 1981 to around 1,300 million ECU this year and a proposed 1,800 next, indicated the Commission's target of getting the revamped Social Fund accepted by the Council in readiness for the 1984 budget year.

A highlight of the Commission's vocational training guidelines for the 1980s, said Mr Richard, would be the setting up of a 'social guarantee' for the young. Quoting from the Commission communication, he outlined the social guarantee proposal in the following terms:

'The general aim of the social guarantee should be to provide all young people with the opportunity to pass through a stage of transition between the end of full-time compulsory schooling and entry into the labour market, during which time they should be able to choose how to develop their social and vocational skills and prepare themselves for adult working life.

'The immediate aim of the social guarantee should be to ensure that no young person at the age of 15 or 16 should be faced with no alternative to unemployment on leaving school. As a general principle all young people should be entitled to at least two years' further education, training or work experience after leaving full-time compulsory schooling'.

Ban call is bad news for the seal hunters

The Commission has called for a ban on all baby seal products entering the Community from next March, when the annual Canadian seal cull is due. With massive support from the public, a resolution to this effect has been passed by the European Parliament, calling for a ban on all products from young harp and hooded seals, and from other seal species whose stocks are depleted, threatened or endangered.

It also demands more humane and acceptable killing methods; labelling regulations for seal products; and a ban on intra-Community trade in young harp and hooded seal products.

The Commission has formally requested the Canadian and Norwegian governments to generally prohibit the limit of whitecoats and bluebacks before the start of the 1983 hunting season, and has asked for a response by the end of September. It will propose appropriate measures to the Council in October should the response be negative, and such measures would have to come into force before March 1983.

Consultations with Canada and Norway have not had the results hoped for as far as the moral issue is concerned: on 22 September Canada informed the Commission that it would continue to manage the seal harvest on the basis of present harvesting methods.

The Commission has asked the Nature Conservancy Council to update the status reports on harp and hooded seals. The Council warns that the populations of the two species have declined substantially over a long period, and in the case of the harp seal to less than half its unexploited size, i.e. to considerably below its maximum sustainable yield level. The position of the hooded seal is in every respect more serious, and there is a risk that the population would be endangered by a continuation of present rates of exploitation.

Some member states already have legislation or controls for the protection of seals. In France, representatives of the fur trade confirmed their total opposition to the killing of baby seals as long ago as June 1977, and adopted a charter imposing self-restriction. Since then, no skins of baby seals have been used in France for industrial purposes.

In the Netherlands a general administrative order came into force in September 1980, prohibiting in principle the possession of seal skins and seal products for purposes of sale, offer for sale, or onward delivery. In Italy, importing seals skins has been subject to prior authorisation since June 1978. The aim has been to stop the import of baby seal skins rather than to stop trade in skins from adult seals.

The United Kingdom has prohibited the supply of goods made wholly or partly from seal skins unless marked with information to that effect. The labelling order, which has been effective from 1 January 1981, also stipulates that the country or geographical location where the seals were taken must also be indicated.

Regional development: are we going the right way about it?

In the past decade, about 90 per cent of the direct state expenditure on job-creating schemes within Europe has been channelled into fiercely competitive regional development programmes. But at the University of Strathclyde, Kevin Allen, who has been carrying out detailed research into European regional policies*, feels that a wind of change is already blowing through the offices of the regional planners.

There is a feeling that the problem of regional industrial regeneration may not, after all, be solved by throwing money at it. Even before the European Council's recent call for co-operation, there was a growing fear that competitive national development plans were simply pushing up costs as region vied with region for a limited number of projected new jobs.

Until a couple of years ago, Kevin Allen reports, escalation was the dominant trend in European regional incentive policy. An ever wider range of industrial projects were covered by regional incentives: not just the early programmes of investment help for new factories, but a whole basket-full of allowances for business schemes – from existing plant modernisation to partial cover of reorganisation – and even rationalisation costs. Governments started offering assistance to service businesses as well as to manufacturers and bowed to local economic or political pressures.

The amount spent on regional assistance spiralled in the late 1970's. Figures issued by the Centre for the Study of Public Policy at Strathclyde show that Belgium and France virtually doubled their regional incentive spending, in real terms, between 1975 and 1979. Ireland increased its regional awards by over 50 per cent, Germany by 41 per cent, the Netherlands and Italy by 11 per cent and 12.5 per cent respectively. Only the United Kingdom and Denmark actually reduced their expenditure in real terms in that period.

But the figures exclude European Commission grants for infrastructure, industry and projects to boost tourism in depressed regions. The UK alone has received £816 million of EEC aid since 1975.

Kevin Allen sees this escalation partly as a response to a deteriorating regional problem, and also as a self-sustaining process, as countries use regional incentive policy to try to keep up with each other rather than lose out in 'the battle for inward investment'.

It is argued, convincingly, that without this local aid the present employment picture would be even bleaker. But it is also being recognised that some regional assistance has been wasted in non-productive duplication of effort and in equally unproductive competition.

Budgetary limitations have, naturally enough, forced governments to take a close look at such spending programmes. Denmark severely cut back on its definition of areas of assistance in 1979, and Britain followed in 1981. The Federal Republic of Germany has declassified a number of previously grant-packed territories. Belgium and Italy are both considering similar moves.

The Germans have concluded that regional aid was being spread too thinly to be effective – an argument that has been gathering support elsewhere within Europe.

Capital allowances and plant purchase support are all very well for capital-intensive industries, but not a great deal of use to service businesses. New aid packages have taken account of this tending to provide an increasing amount of help for small companies and start-up schemes. Because of the greater administrative problems involved in financially supporting smaller companies, the European Investment Bank delegates loan authorisation for sums of £2.5 million and under to the national regional aid authorities. And the regional authorities have been making ever greater use of those facilities.

A change in attitude towards regional policy became inevitable when, as Kevin Allen says, 'unemployment in many of the so-called prosperous areas reached levels which, five years ago, would have warranted problem-area designation.' It was a case of either cutting back on the areas of assistance or accepting that virtually the whole of Europe needed help.

That blurring of the boundaries of problem areas may force national regional planners to take a fresh look at the European Council's calls for co-operation. In the meantime, regional policies still have an important role.

If Europe's economies do revive, says Allen, regional aid will help prevent the areas hit hardest by recession from becoming economic deadweights holding back eventual recovery. If EEC member states have to accept long-term or even permanent structural unemployment, then he feels that regional policy will be justified on social and political grounds. But in that case it will be not only regional aid programmes that have failed, but entire national economic strategies.

JOHN BRENNAN

*European Regional Incentives. By Douglas Yuill and Kevin Allen. Centre for the Study of Public Policy, University of Strathclyde, price £25.00.

BOOK SHELF

Conflicts of National Laws with International Business Activity: By A.H. Hermann. British-North American Research Association, 1 Gough Square, London EC4A 3DE. Paperback, £3.00.

Dr Hermann, a distinguished international lawyer, describes how the problem of extraterritoriality has usually been seen in the context of US antitrust application. He points out the difficult position of subsidiaries of US companies required to operate under the legal jurisdiction of one country but also subject sometimes to conflicting orders from Washington.

So abrasive have these, and similar conflicts, become that friendly nations have been forced to enact legislation blocking the effects of a foreign country's laws. The UK Protection of Trading Interests Act 1980 was one such response, and it has been invoked in the current dispute on the gas pipeline. The author suggests a more fruitful approach than those so far tried for resolving the antitrust issues, based on a limited international agreement which he discusses in detail.

EEC Dairy Facts and Figures, 1981. Milk Marketing Board, Thames Ditton, Surrey KY7 0EL, £3.00 post paid.

This is the latest, updated edition of a handbook that is unique in its field: the 19th edition, prepared with the help of the Economic Division of the MMB, and including this time information on the major dairy organisations in Community countries. The format is small, tough and practical.

European Co-operation Today. Edited by Kenneth Twitchett. Europa Publications Ltd, 18 Bedford Square, London WC1B 3JN.

An amalgam of ten chapters by different authors, each covering a specific aspect of European regional co-operation, and examining European organisations from NATO and EFTA to the European Council.

EURO FORUM

Trouble in the family: what Gaston Thorn told the Americans

In these days of discord, let us at the outset distil the essence of European/US relations. We share a civilisation founded on the principles of individual liberty. We each govern ourselves according to democratic principles. The American Constitution enshrines principles to which we both subscribe. We are, in short, members of one family.

This fact has been demonstrated again and again in the last 30 years. Think of the Marshall Plan, the Atlantic Pact, the Berlin Airlift, the Helsinki Agreement. Even the development of our European Community is, in part, a testimony to America's willingness to promote and reinforce the union of our member countries.

The establishment of the European Community has allowed our member states to grow in economic and political strength. The whole has become far greater than the sum of its parts. And this has brought benefits for us and for the United States. Nevertheless, we all know that our family disputes have developed to the point that charges, counter-charges and recriminations are threatening the relationship. Let me try to assess the causes. I believe all this reflects a deep malaise. And I believe it arises from two sets of factors.

The first is the world economic recession. This is placing an increasing and dangerous strain on the world's trading and financial structure. And from this has grown an impatience with the multi-lateral agreements and institutions we have built up together since the end of the Second World War. President Kennedy once said 'a rising tide lifts all boats'. But the opposite can happen. In our case, we are not far from the mud at the bottom of the harbour.

'It seems to me that we run grave risks of almost daily explosions if we do not come to some common view of trade with the Soviet Union'

The second is a basic difference in appreciation between us of some of the key questions in our relations between each other and with the rest of the world. How hard have we tried to come to a joint assessment of our energy needs? What is our joint assessment of the relations and trade we need to have with the Soviet Union and other members of the East Bloc? What should be our joint assessment of the relations we need to have with the developing world?

If there is fundamental disagreement and misunderstanding between us on some of the basic questions, then inevitably things are going to go wrong.

On the world economic recession and the strains on the multilateral system, we are dealing with considerable and growing dangers. Pressures to limit imports into the United States are growing. In the Community our unemployment – already standing at nearly 11 million and the worst since the 1930s – is expected to grow, partly by reason of certain demographic trends by several million by the mid-1980s. All this will place a heavy strain on the multilateral rules and institutions which in the trade field have given the western world for 35 years the biggest single period of prosperity in recorded history. But triumphs are never very far from disasters; and this system – which many for long have taken for granted – could unravel with frightening speed.

This makes it essential that there is, over the next year or so, a revival of industrial activity in the major developed countries. This would in turn ease some of the burdens on the fragility of the international financial system. So far, the rule of law in world trade has held. But unless hope can soon be given to the millions of unemployed, and to an unconfident business community, the odds are that the system will bust.

For us in the Community, therefore, as for the United States, this makes it all the more important that the November Ministerial meeting of the GATT in Geneva should be a success. It would be wrong to exaggerate expectations. Fifty or so ministers meeting for three days – even with a lot of arduous preparatory work – cannot hope realistically to create a new heaven and a new earth. But if we can get a genuine recommitment to the maintenance of the one-world trading system, a refusal to espouse protectionist solutions and a determination to avoid unravelling the system, then the November meeting will have done a good job.

We and our US colleagues are working closely together to that end, as we are with a host of other countries, but the biggest single contribution we can both make to the success of this meeting on which much will depend, would be a resolution of some of the bilateral disputes which are straining our family relationship to a dangerous point. If, by ▶

□ President Thorn was speaking at the Council of Foreign Affairs in Chicago on 27 September.

November, we have not made progress on steel, the pipeline, and some of our agricultural disputes, then this trouble in the family will make it significantly more difficult to get the kind of results we all want at Geneva.

Let me in this context mention steel. The magnitude of the steel crisis in the United States and in Europe, the size of the trade in danger and the consequences of a failure to avoid a breach would be very considerable. We need a settlement which represents to both sides a fair deal. The basis of a solution has been sketched out. We need it quickly – even more because a settlement on this question would be a signal to the world that we would be able to go beyond rhetoric to tackle the other disputes dividing the alliance. We have had enough so far of the dynamic of disagreement. What we need now is the dynamic of agreement.

Then there is the question of differences of assessment. I think that what has gone wrong with our relations for the last few years is that we have concentrated too much on day-to-day business and not devoted enough time and effort to seeing whether we could come to a sensible joint assessment of questions essential to both our interests. For example, it seems to me that we run grave risks of almost daily explosions if we do not see whether we can come to some common view of trade with the Soviet Union.

A number of elements of our joint appreciation between democracies are already there, but what balance should be set between profiting from trade and building up the might of the Soviet Union? What is the relation between these and repressive measures inside the Soviet empire? What part in this have sales of high technology and grain to play? To the extent that we do not try and get some common view on these questions we are in constant danger of decisions being taken which cannot easily be reversed, and which can do lasting damage to our relationship.

What I would urge in conclusion is this: we need to remember that we are a family, even in difficult and troubled times and with quarrels between its members. We need to settle as quickly as we can some of the major disputes between us without either side appearing the winner or the loser. If we fail, let us be absolutely clear that neither side will win. We both will lose.

We need to go on from there to make the November GATT meeting in Geneva a success, in terms not of spectacular and overambitious goals but of a practical determination not to permit an unravelling of the open world trading system.

We are using less petrol – so why does the price go up?

The EEC motorist, forced to pay more for his petrol as a result of the real or perceived oil shortages of 1979 and 1980, has not benefited from the modest fall in crude prices brought by the glut in supplies of recent months. If he wonders why, he may reckon he is the victim of a cash-strapped national government seeking to boost its revenues by increasing taxes on petroleum products. Or he may assume that the strength of the dollar has cancelled out the fall in price when translated into a Community currency.

Even if he blamed both these causes he would be only partly right, for a major reason why the fall in price has not been passed on to him lies in the critical financial state of the oil refining industry.

As demand continues to drop (and oil consumption in the Community fell by 18.5 per cent between 1979 and 1982) excess capacity has built up. According to the latest estimate from the European Commission, capacity utilisation in EEC refineries will be only 57 per cent in 1982, marginally worse than the previously lowest level of 58 per cent recorded last year. With so much idle capacity, unit production costs have rocketed.

Downstream oil and petrochemical operations were expanded in the 1960s and early 1970s on the assumption that the price of oil would remain low and demand high. Largely thanks to OPEC's price-setting role, oil prices have increased since 1973 from $2.60 to $34 a barrel. However, a number of investment projects decided on by oil companies before the first oil shock only came on stream after 1973. In fact, refining capacity in the Community, which stood at 787 million tonnes in 1973 actually peaked at 850 million tonnes in 1977, four years later. It had fallen back to 784 million tonnes (just under the pre-1973 level) at the start of 1982.

Many companies have been running their refining operations at a loss for several years, in the hope that the recovery from the recession was just around the corner. Now they have come to accept that even if there is a modest upturn in the European economy, there will be no demand recovery for petroleum products over the next five years. They are therefore envisaging serious cuts in their refining capacities between now and 1985. According to information given to the Commission from 12 major

The Commission recommends that maximum capacity in 1985 should be 600 million tonnes

oil groups representing 80 per unit of the European refining industry, it is planned to cut capacity between 1982 and 1985 by 124 million tonnes bringing it down from 784 million to 660 million.

The Commission considers this is not sufficient, and recommends that the maximum capacity in 1985 should be 600 million tonnes only. Even on its most optimistic assumption this will still leave the EEC refining industry working at 78 per cent of capacity. Taking a median forecast, the level of capacity utilisation would be 70 per cent. The proposed cuts in total Community refining capacity are spread fairly evenly among all the large member states, with Italy proposing the smallest cut (15 per cent) and Germany the highest (25 per cent). Virtually all companies are planning reductions, although the proportion of capacity scheduled for closure varies considerably according to the stage reached in their individual corporate plans.

The fall in demand for petroleum products is linked to several factors. These include the lower level of economic activity in member states due to the recession together with a conscious effort to conserve energy and a switch to alternative fuels.

The switch to alternative fuels is

strongly influencing the pattern of demand for finished products. The most significant change is the sharp fall in demand for heavy fuel oil. This is because fuel oil, used for electricity generation and other heavy industrial purposes, has the most substitutes in the form of coal, nuclear power and natural gas. Fuel oil, which accounted for 38 per cent of finished products in 1973 and 28.5 per cent in 1980, is likely to see its share drop even further to 25 per cent by 1985. Demand for lighter products – the recession notwithstanding – is likely to hold up. Substitutes for these products – motor gasoline, jet fuel, diesel as well as petrochemical feedstocks such as naphtha – are also less readily available. The proportion of gasoline and naphtha in final demand which stood at 17.5 per cent in 1973 and 22 per cent in 1980 is expected to reach 23.2 per cent by 1985. The share of jet fuel and diesel is expected to hold steady at about 34 per cent.

Because of this new pattern of demand, grafted on to the overall fall in sales, refiners will not only have to shut down some of their primary refining units, they will also have to upgrade others to obtain a higher share of light products from their crude oil. The increase in demand for more profitable light products will partly offset the loss of revenue suffered by refiners as total demand declines, but the necessary investments on additional and complicated conversion units and higher costs (because these processes are themselves energy-intensive) will raise the industry's capital and operating charges. These activities will, however, also cushion to a certain extent the social impact of shutting down redundant capacity.

The closures planned by oil companies during 1982-1985 include the shutting down of 13 entire refineries and of eight crude distillation units at larger refineries whose other activities would remain unaffected. Since oil refineries are capital-intensive and employ relatively few people, firms shutting down capacity should in most cases be able to make arrangements for workers made redundant by closures. The numbers employed in the refineries already earmarked for closure varies between 200 to 1,700 with a total for the 13 of some 11,000-12,000. Redeployment to other activities will absorb part of these workers while early retirement and natural wastage should reduce actual redundancies to small dimensions.

The Commission, in its latest progress report on the problems of the oil refining industry (Communication from the Commission to the Council of Ministers of 15th June, 1982), notes that if in

Governments or local authorities may have to step in with job-creation schemes

certain cases closures in Community regions where unemployment is already high do prove to have serious structural consequences, governments or local authorities may have to step in with job-creation schemes. Community finance from the European Regional Development Fund might be provided for this purpose. Aid from the European Social Fund could also be made available to complement national efforts, either for worker retraining or in the form of incentive subsidies to firms taking on redundant refinery workers.

Plant closures in the areas where there is a concentration of refining activity in the Community (Rotterdam, Fos-sur-Mer, Milford Haven, for example) will be less damaging from the employment point of view because it is precisely in these regions that redundant personnel can find work at other refineries which are installing new plant.

What will be the impact of new refining capacities being built by the oil-producing countries themselves on the EEC market?

The Commission feels that, although imports of finished products have adversely affected refineries in Italy and Holland, who have specialised in refining third parties' crude, the impact will be very modest in the near-term future. Other specialists would not be so sure. Price trends are also uncertain. Refiners have in the past made things more difficult for themselves, pushing prices for finished products even lower by their habit of over-refining in order to keep their throughput from falling even further.

These pressures were reinforced for a time by the oil-exporting countries themselves who sent their crude for refining and resale in Europe to get round OPEC production ceilings on crude oil.

The Commission believes that the process of restructuring the industry, by concentrating operations on fewer, more complex refineries and securing a fair return on investment should be the responsibility of the companies themselves, responding to market forces. The means of correcting the current imbalances are to hand if the companies are ready to make use of them.

ROBERT TAYLOR

We support UN Lebanon peace plan, say Ten's Foreign Ministers

The Community was well to the fore as world opinion condemned the slaughter of Palestinian civilians in the two Lebanese camps of Sabra and Chatilla in September.

Less than twenty-four hours after the first details of the killings had been released, the Ten's Foreign Ministers issued a tough statement in Brussels expressing their 'profound shock and revulsion' at the massacre of Palestinian civilians in Beirut.

They also indicated they would be ready to support 'to the limit of their capabilities' any measures that would guarantee peace in the country.

This could be achieved by strengthening the United Nations observers team in Beirut or deploying UN or multinational forces. Apart from the possible contribution of army personnel, the Community countries could provide supplies, transport or financial aid. The Ministers also repeated their offer to help in the relief and reconstruction of the country.

The Community statement followed closely earlier pronouncements on what the Ten consider to be the best basis for a lasting peace in the Middle East. They welcomed President Reagan's suggestion for Palestinian self-determination in association with Jordan, and recognised the importance of the statement adopted by Arab heads of state and government at Fez on 9 September.

The Foreign Ministers saw the Fez announcement as 'an expression of the unanimous will of the participants, including the PLO, to work for the achievement of a just peace in the Middle East encompassing all states in the area, including Israel'. In an open invitation to Israel, the statement continued: 'They call now for a similar expression of a will to peace on the part of Israel'.

Despite the expulsion of the PLO from Lebanon, the Community has show it still considers them an essential element in any negotiations.

EUROPEAN REVIEW

Inflation rate slows down

The rate of inflation in the Community is slowing down. According to the Community Statistical Office in Luxembourg, prices increased by only 6.8 per cent during the first eight months of 1982 compared with an 8.5 per cent rise in the same period last year.

In August the consumer price index went up by 0.5 per cent – just half the increase recorded in the same month last year. Traditionally the rise in prices during the month of August is a bit like everything else during the holiday period – more sluggish.

Skills for the future

The Commission is to put forward ideas for harmonising apprenticeships for the skilled workers of Europe's industrial future, according to Employment Commissioner Ivor Richard.

Replying to a written question from German Socialist MEP Horst Seefeld, Mr Richard said that the Commission, with the Advisory Committee for Vocational Training and the European Centre for the Development of Vocational Training (CEDEFOP), in Berlin, had already completed an examination of the training needs of electricians and motor mechanics.

The catering and construction industries were under study and the metalworking and engineering industries were likely to soon come under scrutiny.

Food aid for Honduras

Since 1974 Honduras has received more than 20 million ECU in food aid from the Community. This year 600 tonnes of butter oil was to have been made available. But following a request from the Honduras government, the Commission is now proposing that some 2,000 tonnes of skimmed milk powder, valued at 2.3 million ECU, be allocated instead.

One thousand tonnes would be handed out free by the country's health and education ministries, while revenue from the sale of the balance would go towards the building of 75 'people's shops' in an effort to stabilise consumer prices.

The plight of the illiterate

Conservative estimates suggest that about 55 per cent of Europe's unemployed have only a primary education and have problems reading and writing.

The problems of those with little formal education have not only been aggravated by the recession – they are being increasingly ignored as competition for jobs becomes more and more intense – and they are being further alienated by the rapid introduction of new technologies.

In mid-September, a three-day symposium on the training of adults with little formal education was held in Liege, Belgium, under the auspices of the European Social Fund.

Representatives from organisations across Europe involved in adult education adressed the gathering and working groups were set up to discuss different aspects of the problem.

Over the last five years the Social Fund has been assisting this type of education although the extent to which untrained adults are catered for varies considerably between member states.

Birds poisoned on Lake Constance

Hundreds of birds around Lake Constance may have died as a result of endrin poisoning, according to West German newspaper reports.

Endrin is a cholorofluorocarbon which was the object of two proposed 1979 directives aimed at limiting its discharge into the Community's rivers and lakes. However, the Council did not approve the proposals at the time.

Ministers had previously banned the sale and use of endrin, in 1978, but permitted its 'temporary' marketing and use to help strawberry cultivation in the Netherlands and the Federal Republic of Germany and to control voles in Dutch and British orchards. Community Environment Commissioner Karl-Heinz Narjes has told German Christian Democrat MEP Meinholf Mertens that Commission officials are now reviewing exceptions to the marketing ban.

The long and winding road

For the first time in the history of the Community, the Council of Ministers could be taken before the Court of Justice for 'failure to act' in an area of Community policy.

At its plenary session in Strasbourg on 15 September, the European Parliament decided to take the Transport Ministers before the Court for failing to achieve one of the objectives set down clearly in the Treaty of Rome – the creation of a common transport policy.

The MEPs pointed out that the Council currently has a long list of Commission proposals in this sector before it, on which no action has yet been taken. The Council was given two months in which to respond to the MEPs' call.

If there is no response, or if it is unsatisfactory, the President of the Parliament will be told to open formal proceedings in the Court.

Sorting out car insurance

Today there are about 20,000 more accidents every year on Europe's road than there were 15 years ago and European drivers run far greater risks of falling foul of insurance companies.

Different insurance premiums in different Community member states have often resulted in differing, and sometimes inadequate, amounts of compensation being paid to accident victims.

To remedy the situation, the Council is currently studying a proposal from the Commission for a second directive on the harmonisation of road accident insurance schemes, to provide a minimum cover for accident victims.

Challenging frontier checks

Personal checks on travellers crossing the Community's internal frontiers should be phased out, according to German socialist MEP, Mr Dieter Rogalla.

He put his plea to Community governments after cycling 477 miles from his constituency of Gronau-Glanerbrücke to Strasbourg earlier this year. Commission President Gaston Thorn has already expressed his support for an end to border identity checks.

Mr Rogalla justified his demand by pointing out that no customs duties are charged on Community products crossing from one member state to another.

Culture on the move

On the strength of experience gained since 1977, when a Community Action Programme in the cultural field was first proposed, the Commission has now outlined plans to step up its activities in this area, with the following four priority areas:

Freedom of trade in cultural goods.

Improving the living and working conditions of artists and authors.

Enlarging the audience.

Conservation of the architectural heritage.

'Ban these war toys' – MEPs

The European Parliament has called in September for a clampdown on the sale and advertising of war toys.

The MEPs took this step by 82 votes to 45, on the grounds the toys may represent a physical danger to children and are frequently used as replica weapons in the perpetration of crime.

The move follows warnings from some police forces, especially the Royal Ulster Constabulary, that tragic consequences could arise if they are confronted by children holding what appear to be real weapons.

COMMUNITY PROFILE

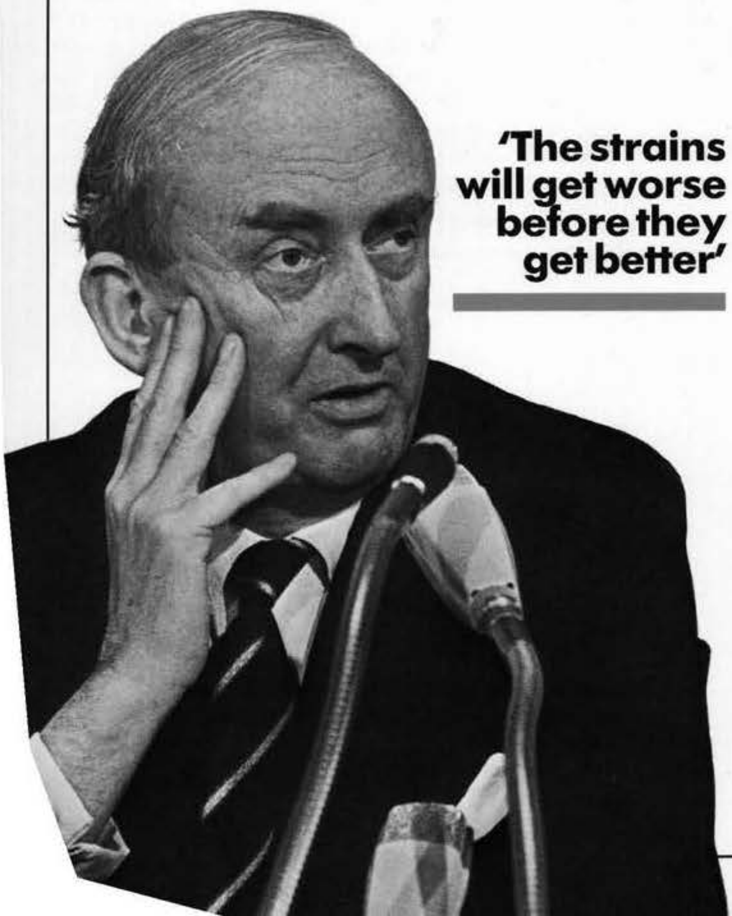
SIR ROY DENMAN, the European Community's top man in Washington

In its new head, Sir Roy Denman, the EC Delegation in Washington has acquired a tough-talking bon viveur and raconteur – and arguably the world's most experienced trade negotiator. With US-EC trade and economic relations at their lowest ebb for years, perhaps ever, Sir Roy is likely to find as much need of his trade expertise in his new job as he did in his last one, as the EC Commission's Director General for External Relations in Brussels.

Not so long ago, he began a speech on the 'world trade outlook' with a personal reminscence. As a junior officer fighting in the Burmese jungle in World War II, he and his unit found themselves surrounded, outnumbered, and running short of essential supplies such as whisky and ammmunition. It was pouring with tropical rain. The young Denman asked his sergeant what he thought of the 'outlook.' 'The outlook, sir, is so . . . awful that you'd have to be a . . . idiot to ask,' came the reply.

Two years have passed since that succinct assessment and US-European trade relations have deteriorated still further – to a point which Sir Roy believes to be the worst since the war. There seems little hope of persuading the US steel industry to drop legal action that could lead to massive punitive duties on European steel exports – and possible European retaliation against American farm exports.

The United States continues to insist that the Community is unfairly subsidising steel and agricultural exports. The Europeans are enraged over President Reagan's sanctions against the Siberian pipeline, through which they plan to buy Soviet natural gas, and they argue that the United States is far from guiltless on the subsidies front – for instance, through the export-promoting mechanism of the Domestic and International Sales Corporation.



'The strains will get worse before they get better'

Sir Roy, who has been dealing with these issues for many months, is gloomy about the possibility of negotiating a trade-off. He believes that the strains in the transatlantic relationship are likely to get worse before they get better. Only last May, he delivered a comprehensive and blistering attack on US trade policies in a speech in Houston, Texas. It was one of the most outspoken of a career in which he has never been known for mincing his words.

Last May he delivered a comprehensive and blistering attack on US trade policies in a speech in Houston, Texas

He accused the United States of going 'a million miles beyond' what was negotiated in the Tokyo Round of the multilateral trade negotiations, hinted broadly that Washington was disregarding General Agreement on Tariffs and Trade rules, and said that the Reagan Administration was trying to unload its problems on 'foreigners in general and Europeans in particular'.

His barbs, however, have not always been directed at the United States. He caused outrage in Japan, just before the 1979 Tokyo summit, by writing in an internal Commission working document, promptly leaked to the press, that Japan was 'a country of workaholics who live in what Westerners would regard as little more than rabbit hutches'. He is still unrepentant, pointing out that Japanese officials privately agreed, and that he is himself a 'workaholic'.

As one of the senior members of the team that negotiated British entry into the Community in the early 1970s, he could be just as scathing about his future partners. He would show the traditional trade negotiator's delight at scoring a point off the French, or the Germans, or indeed the Commission, on some obscure tariff provision that 99 per cent of humanity has never even heard of. In 1977, the poacher turned gamekeeper, taking over as the Community's chief trade trouble-shooter in Brussels.

His negotiating opponents have never doubted his skills, or his ready wit and his joie de vivre. He likes to live well and feels few qualms about people knowing it. A British newspaper once described him as the sort of man who can order the best wine in most of Europe's leading restaurants without ever having to look at the wine list.

Sir Roy has an enormous reservoir of literary and historical quotations to back up the more technical points he makes on trade issues – although there is one recent alusion he may prefer to forget. In his Houston speech, he recalled Mark Twain's remark about Thomas Carlyle's attitude toward Americans: 'At bottom he was probably fond of them, but he was always able to conceal it'.

Sir Roy insists that he doesn't have to conceal his liking for Americans. He recently told the Wall Street Journal: 'I'm looking forward to dealing with them, with a dry martini in my hand'.

REGINALD DALE
US Editor, Financial Times

Steps towards a Mediterranean policy

The European Community's Mediterranean policy is not operating to the satisfaction of its partners. This is not a comment made by a journalist or a representative of one of the countries in question: it is part of a communication to the Council of Ministers and to the European Parliament from the European Commission.

The report was put together under the responsibility of Vice-President Lorenzo Natali, the commissioner in charge of Mediterranean policy and EEC enlargement. The policy clearly needs to be revised and given a new breath of life, not only in view of the Community's future enlargement (to include Spain and Portugal), but also if the Community's relationships with its neighbours in the southern Mediterranean are to be preserved.

Unless such action is taken, the deterioration of relations could have far-reaching consequences. Even if enlargement were not imminent, and negotiations with Spain and Portugal were to slow down, the Community must reconsider its Mediterranean policy, give it new momentum, increase its financial aspects, and give it more courage and generosity.

The need for a 'global policy' in the region, over and above individual agreements with one or another neighbouring country, was recognised in the 1960s and the first tentative guidelines were defined and progressively applied in the early 1970s. It was based on a combination of trade measures and provisions for economic and financial co-operation, with a certain balance being maintained in the concessions accorded different countries, given their relative wealth, population, and requirements.

FERNANDO RICCARDI outlines the need for a concerted approach to a region that is essential to the political and economic balance of the world

The hoped-for results were never obtained, however, and the Community could not really contribute effectively to either the economic and social development or the political stability of the zone. The trade deficit of the Mediterranean countries with the Community actually increased instead of falling, conflicts emerged, and an uneasiness in relations set in. The reasons for this are multiple. They are based more on circumstances than any deliberate bad faith on the part of any of the partners.

The international economic situation played a major role in this area. A policy devised in the boom years, when Europe needed migrant labour, could not succeed in leaner times. In fact, Mediterranean agricultural exports toward the Common Market had to slow down because of the need to maintain the Community 'preference' for similar products. Secondly Mediterranean industrial exports could not develop as planned because the crisis forced the Community to protect its market in the very sectors where the Mediterranean countries are competitive (especially textiles). Third, immigration (which is not a solution in itself, but could have resolved some problems in the short-term) was interrupted because of increasing unemployment within Europe. And budgetary restrictions prevented the Community from implementing the financial cooperation chapter as fully as it would have liked.

Unfortunately, the negative circumstances have not disappeared. The memorandum drawn up by Commissioner Natali does not hide the fact that the new Mediterranean policy will mean an overall effort, sacrifices, and political vision. If the Community only looks to its short-term interests, it will never find solutions that go to the heart of the problem. The Mediterranean region is essential for world balance. This is both for economic (it is a major route for the Community's oil supplies) and strategic reasons.

Europe has specific responsibilities, given the fact that a number of its current regions (Greece, a large part of Italy, a part of France) and a future region (Spain) belong to the Mediterranean. The wide-ranging economic links are supplemented by historical, cultural, and other ties. This excludes any possibility of 'disengagement'. By not taking any action, the Community could, it is true, succeed in reducing the pressure on its market from Mediterranean agricultural and industrial exports. However, it would lose markets which are important today, and will be even more so in the years ahead. Europe's absence in the southern Mediterranean would, above all, have an incalculable political and strategic impact.

There can be no vacuum in that region: if the Mediterranean countries lose their natural outlets in Western Europe, they will be forced to look further away, in Eastern Europe, with all that this involves. The Natali memorandum stresses that 'the Community of 12 remains the indispensable outlet for the exports

Structure of trade between the EEC and its principal South Mediterranean trading partners (1978)

	Exports to the EEC (%)					*Imports from the EEC* (%)				
	Morocco	*Algeria*	*Tunisia*	*Egypt*	*Israel*	*Morocco*	*Algeria*	*Tunisia*	*Egypt*	*Israel*
Fruit and veg	33.3	0.8	4.8	2.2	26.1	0.4	0.6	0.4	-	0.2
Cereals	-	-	-	-	-	1.7	3.4	1.8	6.6	0.3
Manufactures (less textiles)	9.4	1.1	2.6	4.3	27.9	20.3	22.9	17.2	10.9	36.8
Min fuels & non-food raw materials	27.4	94.9	33.1	79.2	12.6	2.4	4.1	3.9	2.9	2.0
Engineering & transport equipment	1.5	-	2.6	-	4.1	46.8	49.2	44.5	49.6	29.1
Textiles & clothing	13.0	0.1	32.9	8.7**	11.2	2.0	4.5	12.5	2.0	4.2
Other	28.4	3.0	24.0*	5.6	18.1	28.4	15.3	19.7	28.0	27.4
Total	100	100	100	100	100	100	100	100	100	100

*of which 7.4% is olive oil. **including cotton

Source: Eurostat

of Mediterranean countries, and is indeed their natural partner in development. It is in its best interest to avoid increasing their economic and social difficulties, which might encourage the destabilisation of the region. The Community should therefore show itself to the Mediterranean countries a reliable partner, whose trade and aid policies can be counted on in the long term.'

What is a reliable partner? The Commission warns against the two opposite temptations which could arise in the Community (and which do, in fact exist already). The first to consider that trade concessions can solve all problems and that more trade is the answer to most difficulties. The second tendency is to focus on financial aid and investment assistance and to neglect trade concessions.

In fact, the two types of actions are indispensable and complementary. France, Italy, Greece, and, eventually, Spain, must know that an effective Mediterranean policy will be impossible if they insist on closing their markets to citrus fruit, olive oil, wine, canned fruit

'Europe's absence in the Mediterranean would have an incalculable political and strategic impact'

and vegetables, textiles, and footwear produced in their neighbouring states. Germany, the Benelux countries, and the United Kingdom, for their part, must know that even if the Common Market remains accessible to the products mentioned above – which do not compete with their production, leaving the burden to be borne exclusively by the Community's Mediterranean regions – an effort on financial aid and investments will still be necessary.

Even though the idea of a 'double effort' is now recognised, it would be unthinkable that the Community open its doors to agricultural products exported by the southern Mediterranean. The concept of 'EEC preference' cannot be shelved just like that, and Spain, when it enters the Common Market should have a right to benefit from the preference just like other member countries. The solutions must be wider-ranging and more specific at the same time. The following are the main elements of the Natali memorandum.

Agricultural products. It is highly unlikely that Mediterranean agricultural products (wine, citrus fruit, olive oil, and certain fruit and vegetables) will find significant new outlets outside the Mediterranean basin itself or the Community. It is important, therefore, to prevent the formation of structural surpluses which would have to be destroyed (being neither easily saleable on the world market nor much use in the fight against hunger in the Third World). It will be necessary to maintain traditional outlets in the Common Market for the southern Mediterranean countries by avoiding excessive production and to organise a consultation procedure for production levels on a Mediterranean basis in order to avoid structural surpluses.

This will not be easy because it will involve coordination between the Arab countries and Israel, between the current EEC countries and states up for Community membership. Countries that still have not achieved self-sufficiency in food will have to develop production of such items as cereals, milk products, and meat instead of focusing only on wine, citrus fruit, and olive oil. Some of this reconversion will not be possible without Community assistance.

The industrial sector. Here the Community must agree to maintain duty-free access for Mediterranean products, even in the 'sensitive', crisis-ridden sectors. The orderly expansion of trade is not possible, says the memorandum, unless 'our partners have real opportunities to develop their exports in sectors where they are capable of producing.' These sectors, according to the Commission, include textiles, footwear, processed foodstuffs (canned fish, fruit, vegetables), and, in some cases, refined petroleum products. Petrochemical and steel products could be developed in the future.

It would be hypocritical of the EEC to declare that its frontiers are open to Mediterranean industrial products when, in fact, it applies restrictions in the above mentioned sectors – which are the only ones where the emerging industries of the southern Mediterranean are competitive in Europe. The application of duty-free provisions on aeronautics, data-processing and electronics equipment, automobiles, and any other areas where European industry is competitive would have no real economic significance. Certain restrictions in the textile sector must be extended, at least temporarily, because they have been agreed; but, generally speaking, the EC should forgo restrictive measures.

Cooperation. This aspect of the policy must cover consultation on the production of typical Mediterranean products and some form of concerted action in the sensitive industrial sector. This must also involve a considerable financial effort on the part of the Community. Commissioner Natali warns that 'we should be clear that unless the money and resources for this cooperation, in which our partners place such hopes, are forthcoming, we may condemn them to total disillusion.' The Community will have to mobilise significant sums of money – by utilising its financial instruments and borrowing on the international capital markets – to permit the necessary restructuring which will allow the Mediterranean countries to process their own raw materials and reorient a part of their agricultural production.

The social sector. It would be rather naive to think that migration from the Mediterranean countries to the Community can be revived in the near future. Indications are that there will be surplus labour in Europe for several years to come and that the Community will not be in a position to call for help from migrant workers. The focus now should be on improving the integration of Mediterranean workers already in the Community and on giving them true equality in their living and working conditions. The Community can also help to train workers who want to go back to their countries of origin where, despite high unemployment rates, there is a shortage of skilled labour.

The success of such a global Mediterranean policy will depend on the efforts made by the Community to develop its own Mediterranean region which, given its geographical situation, is in direct competition with its southern neighbours, both in the agricultural and industrial areas. This is why, just a few weeks before it transmitted the 'Natali memorandum' to the Council and the European Parliament, the Commission defined its ideas on the internal 'Mediterranean programmes' dealing with southern Italy, southern France, and Greece. Unless such action is taken to develop these regions, there could be opposition within the Community to the 'global policy' just described. At the same time it is necessary that Spain and, to some extent, Portugal undertake to accept and respect – once they are within the Community – the guidelines and the policies indicated above.

Trade of South Mediterranean countries with the EEC

	Exports to 9		*Imports from 9*		
	Value $ million	*% of total trade*	*Value $ million*	*% of total trade*	*Deficits $ million*
Egypt	1,135.6	42.7	2,559.6	38.8	1,424.0
Algeria	2,328.5	37.3	5,103.5	65.1	2,775.0
Morocco	991.7	59.0	1,878.9	51.4	887.2
Syria	518.9	47.8	901.3	35.4	382.4
Lebanon	41.3	5.1	847.1	39.1	805.8
Jordan	8.4	3.0	529.0	34.6	520.6
Israel	1,338.2	34.2	2,434.3	34.2	1,096.1
Tunisia	762.8	ND	1,633.5	ND	870.7
Cyprus	168.3	ND	422.3	ND	254.0
Malta	258.8	ND	438.2	ND	179.5

SOURCE: IMF – Direction of Trade (1979). ND = no data available.

How it looks to the Greeks

The Community's 'Mediterranean' aspect is central to Greece's membership. THIERRY DAMAN outlines the proposals for dealing with the social and economic realities of the EEC's tenth member

On 18 October 1981, Andreas Papandreou won the parliamentary elections in Greece. His victory was a real test for the Community. The question asked in all EEC capitals was whether Greece – the first country to sign an association agreement with the Community, as a young democracy emerging from years of dictatorship – was going to pose problems.

There were people in Europe who feared the impact of Mr Papandreou's victory. The PASOK (the victorious Socialist party) programme was a tough, nationalistic one. But it was already clear that Greece would not withdraw from the Community: the Greek peninsula was 'European'.

But this led to another question: What was Europe going to do with Greece? Points of friction had emerged even before Greek membership of the EEC, the most important being the adaptation of Greek agriculture to the Common Agricultural Policy.

Only a few days before the Accession Treaty, the Nine and Athens were faced with a major problem: the alignment of Greek farm prices until the prices followed by other EEC countries. Several rounds of discussion later, the two sides were able to see eye to eye. But the problem did not disappear completely. A few months later, during the 1981 agricultural marathon, the question of the gap between EEC prices and Greek prices was raised in no uncertain terms.

What exactly does the PASOK have to say? According to its manifesto, membership of the EEC was a bad choice for Greece. The structures and operations of the Community, which bring together developed countries, make it difficult for a less developed country such as Greece to receive its just share of the cake. The current government adds that the impact of Greek accession on its economy was especially negative because of the critical international economic situation.

However, these doubts have not prevented the Greek Government from taking an active part in Community activities, even if its position – for instance, on the situation in Poland and the Middle East – is sometimes quite different from the stand taken by other EEC states. Once the fears of the first few weeks were out of the way, the reality of a Europe of Ten was one that everyone became used to, and learned to live with. So much that the referendum on Greek withdrawal from the EEC, promised by the PASOK during its election campaign, was only mentioned sporadically.

It was decided, however, that Greece would explain its stance in a memorandum to be submitted to the European Commission. This memorandum, underlining the specific goals of the Greek economy, and the medium and long-term political orientations of the Socialist Government, was submitted to the Community institutions on 19 March.

By calling for a specific identity for Greece while accepting the Community framework, Mr Papandreou has created a precedent which will certainly have repercussions on the Community's future enlargement, particularly as the basis of the memorandum – the special nature of the Greek economy – has been recognised by the European Commission. This is as follows. The structural weaknesses of the Greek economy make it difficult for it to function within the Community framework. According to the memorandum, these structural weaknesses include the limited share of the secondary sector in the generation of the Gross National Product (19.6 per cent), as well as the relatively important role of agriculture – which, however, is not very productive. Agriculture, in fact, employs one-third of the the working population but only produces 17.2 per cent of the GNP. Finally, the services sector is threatened by the existance of a 'para-economy' which thrives on the sidelines of official economic activities.

The world economic crisis has done nothing to improve the situation. As a result, inflation rates in Greece are rocketing, and reached 25 per cent – double the Community average – in 1981. Other problems facing the Greek economy include a negative GNP growth rate, a balance of payments deficit which stands at 6.5 per cent of GNP, while the public sector deficit represents 17 per cent of the GNP. These figures are valid for 1981.

The Greek Government has chosen to attack existing structures in order to tackle the different problems it faces. Papandreou's team has drawn up a five-year development programme covering the period 1983 to 1987. Athens has asked the Community not to interfere in the application of this programme.

'By calling for a specific identity for Greece, Papandreou has created a precedent...'

The specific elements of the Greek economy enumerated in the memorandum, and the methods that the Government intends to adopt to improve the existing situation, are in direct relation with Greek membership of the EEC. The Greeks are convinced that their special characteristics were not taken into account by the Accession Treaty. Athens would now like the Community to recognise the need to introduce special provisions, which will allow the development of the Greek economy. The Greek Government stresses that it is only on this condition that Greece can continue to be a member of the EEC. Greece would, in effect, like a special status which is not in contradiction to its fundamental national interests.

Contrary to certain forecasts, the demands made by the memorandum fall in rather well with Community logic. Their demand for special status has been made, say the Greeks, in order that they can continue to be a part of the EEC, and not because they want to leave the Community. The Greek Government would now like the Ten to authorise the Commission to study and try to solve the 'specific' problems outlined in the memorandum. Greece intends to assist the Commission. Even though the memorandum has been inspired by national interests, the Greek approach to the problem can be regarded as European.

The specific measures requested by the memorandum fall into two categories. First, Athens would like more help from the different Community funds. Secondly, it would like to be exempt from the strict application of Community rules on competition.

These propositions, says the memorandum, should allow for the introduction of measures designed to protect and support new industries, to aid exports from small and medium-sized industries and to exclude Greek industries from production quota regimes – all measures which are included in the five-year programme. Particular importance is accorded to the financing of long-term projects in the least favoured Greek regions. Finally, the coordination of the different Community funds should, according to the memorandum, allow for the financing of up to 80 per cent of projects related to the improvement of agricultural infrastructure, the development of tourism, small industries, and crafts as well as agri-businesses.

The Commission seems to have understood the 'European' gesture of goodwill made by the Greek prime minister. Firstly, experts in Brussels agree with the description of the Greek economic situation included in the memorandum. Secondly – and more important – the Commission's position, submitted to the Ten on 10 June gives a special place to the solution of Mediterranean problems. In this sense, Andreas Papandreou seems to have won the round, because the Commission's analysis backs up his own status within Europe.

London's 'Pompidou' is a hit with the public

The Barbican Centre's first six months have seen packed houses for art, music, cinema and the Royal Shakespeare Company – a triumphant start for the City of London's 'gift to the nation'

London's answer to the famous Pompidou Centre has made a profitable start. Attendances at the Barbican Centre, the City of London's ambitious arts and conference complex, are running at higher rates than most people – including a lot of carping critics – envisaged when it opened on 3 March amid a fanfare of publicity.

The Barbican's first art exhibition – 'Aftermath', representing painting in France in the years immediately after World War Two – was visited by over 50,000 people in three months. The spectacular 'Aditi' exhibition, part of the Festival of India, drew 45,000 in its six-week run.

One week in July provides an example of the Centre's popularity. On Monday 12 July, 3,868 out of a possible 3,955 people (an average paying public of 97.8 per cent) attended five performances in Hall, Theatre, Pit and Cinema. On Saturday 17 July, in those four auditoria, 5,274 customers paid £26,193 to attend eight performances averaging 94.3 per cent capacity.

Nearly 4,000 subscriptions were sold for the London Symphony Orchestra's first season in Barbican Hall, which played to 73 per cent average capacity in the March and June/July seasons. The LSO and Barbican Centre aim to increase the number of subscribers in their 1983 subscription campaign, launched on 11 October this year.

More recently a celebrity recital series given by international artists accompanied by Geoffrey Parsons was launched before a full house by Dame Janet Baker. With the concert by the London Philharmonic Orchestra on 3 October, all four major London orchestras will have appeared at the Centre within seven months of opening.

Amongst the outside concert promoters to have worked at the Centre, Raymond Gubbay has enjoyed particular success with fifteen complete sell-outs attracting over 30,000 people to date. His future plans include a repeat next May of his successful presentation of Abel Gance's epic silent film, 'Napoleon', in Barbican Hall.

Doubts over whether the Royal Shakespeare Company's large and loyal support would follow the Company to the Barbican have been dispelled by record advance bookings for its opening season. Since moving to its new London home in May, the RSC has been seen by over 150,000 people attending over 250 performances at an average of almost 90 per cent capacity.

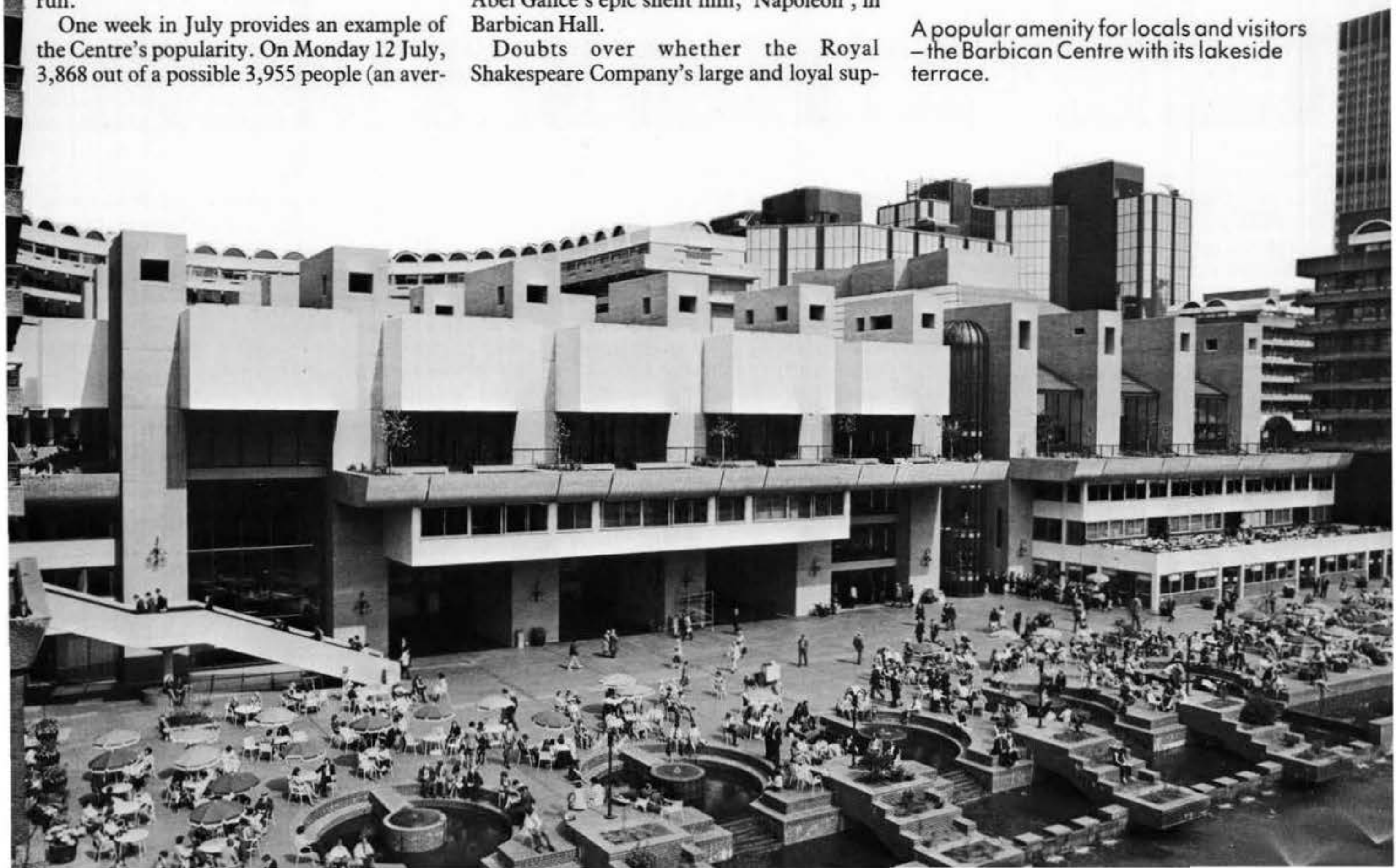
The 280- seat Cinema 1 has established a regular audience for its one month seasons: over 30,000 people have already seen its screenings. After opening with the British revival of Max Ophuls' 'La Ronde', seasons of Tati and Keaton were immensely successful.

The Centre's ability to attract new audiences has been proved: lunchtime concerts for £1 or £2 per ticket have been immensely popular, and a series of open air concerts by the LSO – the Stuyvesant Pops – on the rooftop Sculpture Court drew nearly 19,000 people.

The many free events, including over 100 performances in the two week Family Festival, and the special Bank Holiday entertainments, have attracted family audiences from throughout the Greater London area.

Conference and trade exhibition activity, which began prior to the Centre's official opening, celebrates its first anniversary on 1 October. Despite difficulties due to the recession, there have been several notable successes. Among the first year's most successful exhibitions have been Info '82, All Electronics, the London Book Fair, and most recently the Centre's first public exhibition – Personal Computer World, which attracted over 50,000 visitors in four days.

A popular amenity for locals and visitors – the Barbican Centre with its lakeside terrace.



New packaging rules will help shoppers

From 1 January 1983, under an EEC Directive, most pre-packed foods sold in EEC countries must be date-stamped to give shoppers some idea of how long they will last. Most are supposed to carry a 'best before' date, but highly perishable foods *may* carry a 'sell-by' date – this is optional.

In theory – reports the European Food Law Association – this will help shoppers, provide more effective consumer protection, and make trade easier between EEC member countries. In practice, it is likely that some EEC countries will not be ready to implement the directive by 1 January, because they have not yet passed the necessary national legislation enabling them to do so.

Furthermore, so many national variations are permitted under the directive, and there are so many national differences of opinion over what is meant by 'highly perishable' foods, that introducing uniform date-stamping throughout the Community may not be the simple matter it was intended to be.

On the eve of the 1982 International Food Law Congress, held in London last month,

Talking business

Paul Allen, chairman of the UK Section of the European Food Law Association (and current chairman of the UK's Institute of Trading Standards Administration) said that the co-ordination and harmonisation of enforcement of food law in Europe was something that manufacturers, retailers and consumers regarded is a good thing in principle. 'It makes life easier for manufacturers if they have to comply with just one law if they want to export, rather than with different laws for each country'. However, he added that national variations make production, packaging and marketing harder and therefore more costly.

'This may make manufacturers reluctant to export to some countries, thereby reducing the choice of goods in the shops, or it can push up prices – again, to the disadvantage of consumers,' Mr Allen added. He went on:

'Making law is relatively easy compared with the problems of enforcing it. It's one thing to set standards, quite another to ensure that producers comply with them. We'll be looking at how effective food law preventative measures and sanctions in Europe are. We shall also be considering the problem of the lack of uniform enforcement of EEC laws – there is little point having the same laws in each country if the national enforcement authorities interpret them differently.

'Instances such as the recent case when fruit and vegetables inspected and passed by Dutch officials as complying with European regulations were rejected by German officials 45 minutes later, only make a mockery of the common market and bring the law into disrespect'.

Rail freight is going places

Increased grain traffic – a direct result of EEC farm policies – has brought success to rail freight. Its business is expected to rise from last year's 172,000 tons to a massive one million tons in five years.

A report in Railnews points out that this comes only eight years after BR almost totally withdrew from the market. Terminals were closed because it was considered there was no future in grain.

Adrian Milne, divisional freight manager a King's Cross, who has been seconded to in vestigate the potential and develop the nev traffic, explains: 'The turnround in grain for tunes can be traced to the EEC's farm polic which now supports farmers, encouragin them to produce more – be it wheat, barley o oats', he adds:

'Now this year they are talking of a bumpe harvest of 20 million tons. A lot of this is use on farms as feedstock and 75 per cent move short distances. But this still leaves an awfull large tonnage for us to go for'.

There is a large flow from the growing area of Southern England and East Anglia, trave ling long distances to feed and flour mill breweries and distilleries. There is also a ever-increasing export trade in high-qualit grain.

To help secure the traffic British Rail air to develop new rail-connected terminals wit discharge pits at Leith, Gateshead, Hull an Glasgow. It also intends to look for expo opportunities – Southampton alone is e pected to receive one million tons a year f export.

Bankruptcy rate is up

Some of the biggest names of European industry and finance, including De Lorean and Italy's Banco Ambrosiano, have lately plunged into bankruptcy, making front-page news all over the world. But a large number of smaller companies all over Europe have also been forced out of business by the economic recession.

Figures released recently by the European Commission in Brussels have underlined the disastrous consequences of the recession on business operations. These figures, covering the last 5 years in the Community, revealed that bankruptcies and other forms of failure rose dramatically in the member states.

In 1981 the Netherlands recorded the largest increase in number of bankruptcies over 1980, with a rise of 42.1 per cent, followed by a 27.4 per cent annual increase in the Federal Republic of Germany, 26.4 per cent in the United Kingdom, 20.3 per cent in France, 16.8 per cent in Belgium and 7.9 per cent in Italy.

France, with a total number of 20,895 bankruptcies in 1981, led the list of Community countries, followed by the United Kingdom with 14,210 and the Federal Republic of Germany with 11,653.

Hi-speed data for exporters

Electronic publishing – with quick access to European markets – is taking off. A British company, NVA Europort, based in Whitchurch, launched a new viewdata service in May to help exporters get in early on European public contract tenders. Now, say NVA, they are 'enhancing the database' to include contracts supported by the European Development Fund.

Thirteen chambers of commerce have been using the service on a trial basis, to promote awareness of business opportunities in Europe to their local members. These trials, reports NVA's chairman, Neil Vann, have been well received. The Department of Industry gave its blessing to the system – the Minister of State, Kenneth Baker MP, called information technology (IT to the trade) 'the fastest-developing area and business activity in the Western World'.

The pipeline and Europe's farmers

Why should farmers care either way whether Europe defies President Reagan by pressing on with the pipeline which will eventually take gas from deepest Russia to the heart of Europe?

Answer: because the pipeline could hold the key to the biggest problem facing European farming at the present time – the imbalance between the livestock and cereals sectors of the industry and the growing mountain of surplus grain.

Edwin Gillanders, writing in the Aberdeen Press & Journal, declares that, apart from the obvious advantages to the European economy as a whole, the pipeline – which could supply up to a third of Germany's needs – will have a direct bearing on farming in Britain. He continues:

'The West needs oil, the East needs grain; and the East must sell its surplus fuel to earn currency to buy grain from the West. It is as simple as that and goes some way to explaining why France and other EEC countries, including the UK, decided they could not go along with President Reagan.

'As North-east Euro-MP Mr James Provan points out, it would seem to make more economic sense to dispose of surplus grain virtually straight off the combine rather than incurring the heavy haulage, storage and financing costs which intervention involves – and still having to pay export refunds to get rid of the stuff later in the season.'

Euro-funds for new business scheme

A new scheme to help the growth of small businesses in the Tyne and Wear area has been launched with the help of European Community funds.

Over £1 million from the European Community social fund will help pay the salaries of a professional management team providing high level skills needed to set up new businesses or help existing small businesses to expand.

The management team will be employed by Entrust, a trust which has been set up on the initiative of various local organisations including the local authorities and regional trade unions. Confidential counselling about developing new business ideas will be available as well as training in management skills.

In some cases Entrust will provide an experienced manager to work for a time under the direction of the owner/manager. Other key personnel can also be provided under the scheme, says Entrust, to accelerate the expansion of small businesses which might otherwise have been held back for lack of money to pay managerial salaries.

Although Entrust support will be available to small businesses for as long as firms need it, the EC backing has initially been guaranteed for the first three-year experimental period. Tyne and Wear is one of seven areas receiving similar support from the social fund throughout the European Community.

Particular emphasis will be placed on manufacturing companies using newer technologies in an attempt to shift the balance away from that of 'a branch economy and an employee-dependent culture, towards that of indigenous manufacturing to replace dying industries and to provide a basis for future growth' says the trust.

But the aim is not to duplicate any of the existing facilities provided in the area by local authorities and development agencies. Instead, the trust will work on the principle of 'additionality' by building up and extending the facilities already available.

□ BRITISH BUSINESS

COMMUNITY REPORTS

Stepping on the gas

The Community now produces 75 per cent of its natural gas requirements. By 1990 that figure will be down to about 50 per cent. In keeping with the Commission policy of diversifying energy sources member states are now looking elsewhere to satisfy their demand for natural gas.

Despite the present controversy over the Siberian gas pipeline, energy from that source, even when production has reached its peak at the end of the decade, will account for no more than 4 per cent of Community's total energy supply.

Large variations will be seen among the member states but in no case will the Russian gas share exceed 33 per cent of the total gas consumption in the countries involved. There are many other sources. In October, France and Belgium begin taking Algerian natural gas while Italy is negotiating with both Algeria and Libya for supplies from North Africa. By 1990, Norway will provide 12 per cent of the Community's overall natural gas requirements.

Other potential sources include Canada and several African countries. In the event of an interruption in supply from non-Community sources, member states have already taken, or are considering measures which will help to offset the shortfall.

Despite some outside suppliers hankering after the so-called 'crude-oil parity', Energy Commissioner Etienne Davignon has stressed that gas prices must be kept low enough to encourage a shift from oil products, again in keeping with the principle of supply diversification.

The Commission has also indicated that its policy will not be interfered with. The formal complaint sent to the US Commerce department contesting the legality of President Reagan's embargo on Community supplies for the Siberian pipeline was evidence of that. The attempted extension of US jurisdiction sought to include even companies which had merely bought goods from the US in the past.

Want a move? It's a matter of degree

Article 52 of the Treaty of Rome lays down that Community nationals should be free to establish themselves in whatever member state they wish. Article 54 provides for a general programme to eliminate existing restrictions on freedom of movement.

Twenty-five years after the signing of the Treaty the legal and administrative barriers to the circulation of so-called 'liberal professionals' – architects, pharmacists, engineers etc – are still many and varied.

By far the biggest stumbling-block has been the reluctance on the part of national governments and professional bodies to recognise the diplomas, degrees and certificates of other member states.

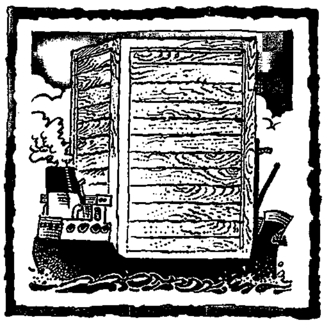
Prior to 1957 there were a number of bilateral and multilateral agreements between member states which allowed limited exchanges in certain fields. The Rome Treaty then provided for the elimination of all barriers by means of directives.

When SEPLIS (the European Secretariat of the Liberal, Intellectual and Social Professions) was set up in April 1975 to liaise with the Commission on behalf of the various groups it represented, no such directives had yet seen the light of day.

Two months later one was approved, giving doctors in the Community freedom of establishment. Over the next five years nurses, vets and mid wives benefited from similar treatment, while lawyers were permitted to practise in another member state but not set up shop there.

The 'doctors directive' first went to the Council of Ministers in 1970. That it took five years of deliberation before it was finally approved is an indication of the immense technical difficulties which have to be overcome when legislating in this sensitive area.

But there is still much to be done. At present there are directives covering pharmacists, architects, engineers and lawyers in the pipeline. But there are still professionals in the health, legal, economic, technical, social and cultural fields who must be given freedom of establishment if European integration is to be meaningful.



Moving it by water

This year it is estimated that some 185 million tonnes of material will travel along the Community's waterways.

That is equivalent to 44 per cent of the total transported compared to shares of 40 per cent and 16 per cent for road and rail respectively.

The Ten's canals and rivers should be used even more, according to a report drawn up in June on behalf of the European Parliament's Transport Committee by West German MEP Karl-Heinz Hoffman. Too many bulky and heavy goods travel by road which are better suited to carriage by water, says the report. Fuel savings are also considerable.

The report insists that the first priority of the EEC's transport policy should be to close the gaps in the existing network. Herr Hoffman maintains that this does not mean encouraging the construction of networks which would duplicate those already in existence.

Already there are 1300 kilometres of waterways along the 1500-kilometre route from the North Sea to the Mediterranean. The completion of the Rhine-Main-Danube canal and a Rhine-Rhone link would close the remaining gaps, says the report.

It urges the Federal German Government and the State of Bavaria to sort out their differences so that the first link can be completed, and calls on the European Commission to look into the possibility of a Rhine-Rhone canal.

Can we harmonise car prices?

The Treaty of Rome seeks to establish a common market for all goods and services in the Community. At present, however, car prices vary considerably between member states. In the UK for example, they average 20 per cent more than in the Federal Republic of Germany for a variety of reasons including VAT rates and dealer margins.

People buying cars in Britain pay 90 per cent more than their counterparts in Denmark, 50 per cent more than Belgians and about 35 per cent more than the French and the Germans.

The Irish car buyer is not much better off. Prices there are 30 per cent higher than in Denmark and about 20 per cent greater than those prevailing in the Benelux countries.

It is hardly surprising, therefore, that British and Irish car buyers should want to take advantage of lower prices. In the last couple of years they have been flocking across the Channel to do just that with the result that car imports into Britain alone have jumped from a few thousand in 1979 to more than 50,000 last year.

But not all potential buyers have been successful. Some car dealers have refused to sell right-hand drive cars for re-export to Britain and Ireland. Others have resorted to quoting prices far in excess of those normally charged in the market. In many cases, manufacturers have been in collusion with their local dealers.

The Commission has already acted to stamp out the practise. In August the Commission issued an interim order to Ford Werke AG of Cologne to ensure that trade in right-hand drive Ford vehicles between member states should not be prevented. This situation will be reviewed at a later date. But the Commission does not want to precipitate a drastic cut in market prices and is therefore considering the introduction of a measure which would enable buyers to purchase anywhere in the Community when the price difference between their own country and the country of purchase is more than 12 per cent.

Europe's flaming forests

The summer of 1982 was a scorcher – but unfortunately it was more than just sun-worshippers who were burned. All the signs are that this will have been one of the worst years for forest fires on record, far surpassing 1978 when a total of 176,618 hectares of woodland was destroyed.

In the French Department of the Var alone, 1250 hectares of forest have been ravaged by fire in the first half of 1982, double the annual average for this time of the year.

Severe drought, particularly in the Mediterranean, has been largely to blame, but negligence also plays a considerable part. Almost half of all forest fires are the result of a casually discarded cigarette or match or a neglected bonfire. About 15 per cent of fires are malicious.

Outraged by this needless destruction, Mrs Theobald-Paoli, MEP, has called for a pooling of member states resources and know-how to combat the problem of forest fires.

Research centre's space-eye view

You could be forgiven for thinking that 'space sensing' meant communications between extra-terrestrial beings. But it has another, more down-to-earth interpretation.

Remote sensing from space, (to give the technique its full title) by means of sensors on board satellites and aircraft, has a wide range of applications including weather forecasting, long-distance telecommunications, cartography, mineral prospecting and tackling environmental pollution.

The European Community, through its Joint Research Centre, has been actively involved in this type of investigation since 1973. The first priority of the work was to improve the Community's agricultural potential. But in 1977 the programme was extended to include sea protection, says a report on remote sensing from space published by the Commission's Joint Research Centre. In 1980 18.35 million ECU (about £10m) was allocated in a 4-year programme.

Code of conduct for adoption

With the growing use of contraceptives and the falling birth rate in the Community there are fewer children available for adoption, while the number of prospective adoptive parents is growing.

French MEP Gérard Israel, in a document on adoption drawn up on behalf of the Parliament's Youth Committee, maintains that priority should be given to the interests of the child but there should be less of the 'humiliating and unjust attitudes' on the part of those responsible for placing children when confronting prospective parents.

The document calls for the setting up of a system of licencing organisations and an overall Community code of conduct.

Champagne down the drain?

An exceptionally good year for France's 13,000 Champagne growers, after a perfect summer, has produced a great *cru* – the best, according to some reports, in living memory.

But there is a snag. As much as one-third of the wine may have to be wasted, to protect the growers from a catastrophic fall in price.

Growers and wine merchants have agreed to offer about 350 million bottles of the 1982 for sale – three time more than 1981, and four times more than 1980. The rest, which would add up to 100 million bottles, will never pass the lips of a Champagne-thirsty public – except perhaps as vinegar.

Which will come as a bitter disappointment to a lot of people.

QUESTIONS IN THE HOUSE

Sylvie Le Roux, France:
The United States is preparing to lift the total ban on dumping radioactive waste at sea which has been in force in the US for twelve years. What consequences may the lifting of this ban have for the Community, and has this matter been considered at official EEC/USA meetings?

Answer by Karl-Heinz Narjes on behalf of the Commission:
No mention was made either during official meetings between the EEC and the United States, or at technical meetings, of the attitude of the United States Government towards the disposal of radioactive waste at sea.

The Commission raised the question of a possible lifting of the United States' ban on dumping of radioactive waste at sea with the Office of Radiation Programmes of the US Environment Protection Agency. The Commission was informed that, while the United States did not ban the dumping of low-level wastes, there was a total ban on the dumping of high-level wastes at sea. The United States Government did not plan to modify the latter.

Luc Beyer de Ryke, Belgium:
From the beginning of April until 22 June, trade sanctions were imposed against Argentina by the Council of Ministers of the Ten. Can the Commission indicate the total volume of trade held up by this embargo and the main economic and industrial sectors affected? Can it also indicate whether it is considering granting special aid to undertakings which suffered a loss of earnings as a result of the embargo?

Answer by Wilhelm Haferkamp, on behalf of the Commission:
Between 16 April and 22 June the importation for release for free circulation in the Community of all products originating in Argentina was suspended. That suspension did not apply, however, to the release for free circulation of products accompanied by import documents issued before the date of its entry into force, or to be imported pursuant to contracts concluded before that date or en route to the Community at that date. In adopting those arrangements, the Community wished to take into account its obligations and legitimate commercial interests involved.

It is not possible to indicate the total volume of trade affected by the suspension measure since other factors also had an influence on trade, and it is difficult to evaluate the relative importance of the factors involved. Those other factors include the disruption caused by the military operations – this applies both to Argentina and to its neighbours – and the collapse of the Argentinian market as a result of the hostilities.

The Commission does not envisage any special aid to Community firms in this context.

Jean Cousté, France:
Will the Commission soon be in a position to make known its conclusions on restrictive practices in the distribution of motor cars in the Community, and if so, when? Is United Kingdom policy in this area – coming as it does on top of the almost permanent conflict between the UK and the rest of the Community – likely to lead to reconsideration of its membership of the Community?

Answer by Franz Andriessen, on behalf of the Commission:
The phrasing of the Honourable Member's question suggests a misunderstanding of the nature of the problem. The representations which the Commission has received in support of action to eliminate barriers to trade in motor cars in the common market have come primarily from citizens of the United Kingdom. A number of the Commission's investigations into the barriers to parallel imports of motor cars in the common market erected by certain manufacturers, based in various member states, are nearing completion.

As to the attitude of the United Kingdom authorities, the Commission would point out that they have already, on 2 February this year, expressed publicly before Parliament at Westminster their determination to work out, in consultation with the motor vehicle industry and the motor trade, a solution to the problems facing parallel imports as a result of the exclusive nature of the certificate of conformity for motor vehicles. This positive stance on the part of the UK authorities was in part in response to intervention by the Commission.

The Commission would like to make it clear that the restrictive practices referred to by the Honourable Member are attributable to certain motor vehicle manufacturers and not to the public authorities in any member state.

NEWS REVIEW

'STOP MOANING ABOUT THE MARKET'

Britain should 'Stop moaning about the Common Market and make it work for us,' says Roy Close, Director General of the 72,000-strong British Institute of Management. He was commenting on the result of a BIM survey which has shown that Britain's managers are wholeheartedly committed to the UK remaining in the Community.

The survey's findings reveal that an overwhelming majority are in favour of membership and that they feel great damage would be done to British industry if the UK withdrew.

Recent EEC decisions which have adversely affected Britain have not altered their view. The major part of the survey was completed before the EEC's attitude on sanctions against Argentina was known and its decision to override Britain on farm prices was announced, so a further 'hot line' consultation was organised to discover whether members' views had changed as a result. But they remained in favour of the Community. Managers feel that the UK should not over-react to EEC action which might be seen as lacking support for Britain.

The survey also shows strong support for the political benefits of remaining in the EEC. A large majority of members believe that the UK gains directly from the Community's influence on international trade.

The survey shows that managers vigorously support the removal of non-tariff barriers and EEC budget reform to restructure the common agricultural policy and achieve a permanent solution to the problem of disproportionate UK contributions. They consider it imperative that more Community expenditure should be devoted to supporting industries other than agriculture.

Mr Close commented: 'Market-bashing will not bring British industry the benefits which EEC membership can provide. Managers realise that a major effort must be made to take advantage of the opportunities which the Community has to offer.'

CALL FOR TRADE WITH EAST EUROPE

Despite US calls for a ban on exports of western technology to the Soviet Union, following events in Poland, a European Parliament committee has recommended closer trading links with Eastern Europe.

The European Parliament's External Economic Relations Committee also called for an easing of restraints on the exchange of persons and information between East and West in compliance with the Helsinki Final Act, and recognition of the European Community by the state-trading Comecon countries of Eastern Europe. The Community is responsible for trade relations between its members and third countries.

Trade with Eastern Europe in 1979 accounted for 7.6 per cent of Community exports and 7.4 per cent of Community imports. But the relationship between the two trading blocs has been constantly plagued with problems.

Economic planning in Eastern Europe has meant that Comecon countries have found it difficult to export things that the West wants. Because of the non-convertibility of their currencies, this has resulted in a chronic shortage of hard cash to buy much-needed imports of western technology.

The problem was compounded when high expectations of economic growth in the Eastern bloc in the 1970s led to an over-extension of credit by western bankers and heavy indebtedness amongst Comecon countries. Poland and Rumania were both forced to seek a rescheduling of their debts and the need to boost exports became even more acute.

Friction between the trading blocs has increased with accusations of 'dumping' or selling at below cost price on foreign markets, levelled at state-subsidised Eastern European producers. European Community officials point to the steel, textile and finished product sectors as examples, in addition to complaining bitterly about the activities of the huge and heavily subsidised Eastern European fleets on world shipping markets.

But according to the External Economic Relations Committee's report and its author German Liberal MEP Ulrich Irmer, closer links with Comecon and further trade agreements similar to the one signed between the Community and Rumania in 1980, could eventually ease tension and bring mutual benefits to both sides.

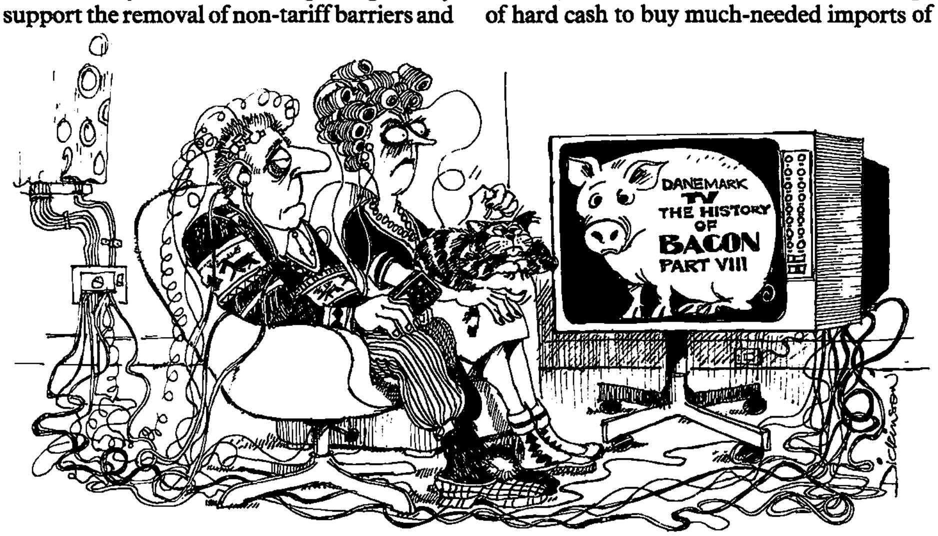
DANISH TV VIEWERS ARE ALL WIRED UP

More than half of all Danish households have cable television, making Denmark one of the most wired societies in the world. But the number of channels has deliberately been kept to a minimum, partly to limit the influx of popular US-produced series.

There is only one Danish television channel, government-controlled, and the cables are only allowed to carry the Danish and – where reception is possible – the German, Swedish, and Norwegian channels. No commercials are allowed on Danish television, and programme content is a carefully balanced mix of mainly US entertainment and locally produced cultural and current affairs programmes.

But now the satellite technology is challenging the traditional policy of deciding what's best for the people. By the end of this decade 30 to 40 channels from all European countries will be available to most Danes, and the monopoly of Danish radio and television will evaporate completely.

The majority in Parliament fears that the hegemony of the US programmes will be further strengthened – because most people want to watch entertainment programmes and US series dominate the market. Furthermore, most Danes understand English far better than they do German, not to mention



French and the other continental languages.

The non-Socialist parties want to meet the new challenge by allowing a second Danish channel, financed at least partly by commercials, to operate in competition with the existing channel. They say that five million Danes have a right to a choice between at least two Danish programmes.

The Socialist-led majority is ready to consider a second channel, but a channel without commercials and operating on the same basis as the present channel. This, the majority hopes, would prevent a second channel from stealing too many viewers by adopting a more popular programme policy than that of the existing channel. In the coming months the first experimental local radio and television stations are expected to go on the air, thanks to a new law.

There has been widespread interest in getting the licences, even though no commercials are allowed and no hook-ups with cable television permitted, limiting the number of viewers to those few prepared to invest in special antennae. Many newspaper groups, however, believe that this is the first indication that the Government is bowing to the inevitable – a liberalisation. They will invest money in stations to gain the necessary experience, and believing that the Danes will soon demand the same kind of local electronic news coverage that is taken for granted in the United States and a growing number of European countries.

If no legal basis is created for television financed by commercials, many observers believe that special Danish programmes will be beamed toward Denmark from satellites, forcing the hand of the Government. But the Government seems determined to give up its ground as late as possible.

LET'S GET RID OF RESTRAINTS SAYS MINISTER

A call for the European Community to act swiftly to bring more benefits of membership to the populations of the Ten by sweeping away remaining barriers to trade was made by Douglas Hurd, Foreign Office Minister of State, at the end of September, in Brussels.

High on Mr Hurd's list of priorities is the liberalisation of inter-regional air services, currently operating under tight restrictions and freer movement for road traffic because at present goods can be circulated more freely under Community regulations than the vehicles that carry them. The minister also wants free competition in the provision of insurance services, agreement on a common fisheries policy and more spending on regional de-

Minister of State Douglas Hurd

velopment and social policies to combat unemployment.

A major problem facing the Community is that the present balance of Community spending is not meeting the real needs of its citizens, Mr Hurd says. More money should be allocated to the policies faring less well than the common agricultural policy which soaks up 60 per cent of EEC spending. An energy policy, for example, would commit the community to develop coal resources and reduce future dependence on oil.

He called for Community actions on a united front to deal with internal and external pressures currently facing the community including EEC-United States current trade difficulties on steel exports and the Siberian gas pipeline on which he said the Community should avoid an economic confrontation.

Mr Hurd also warned member states against the growing call at home for protection against imports. When a factory closed or a trade languished there would always be people who argued to exclude or penalise even legitimate foreign competition. But member states should only make limited tax concessions to such pressure which was destructive to international trade, he said. 'If the Community did not exist,' he said, 'member states would be pursuing many more protectionist measures than they are at the moment which would impoverish their neighbours as well as themselves.'

Mr Hurd said that Britain wanted member states to go much further in bringing down barriers within Europe. Bringing 'clear benefits' to all its members was the best answer to arguments against the Community, he said. But it also meant dealing with problems standing in the way of Community development including the long-outstanding problem of Britain's contribution to the Community budget.

The Community's finances as a whole were also a problem to be solved, Mr Hurd continued, because of the runaway costs of the common agricultural policy. More money was needed to finance other Community policies. But member states were unlikely to agree to increase the spending without assurances that the financial burden would be more evenly distributed. 'A situation in which any country finds itself contributing large sums to partners richer than itself is not likely to endure,' Mr Hurd maintained.

But Britain was only seeking fair play, he added, and not special treatment. He warned that, unless the fact that Britain was carrying a major financial burden was dealt with, it was going to be difficult to end controversy about British membership. It was up to the Community's three institutions, the Commission, the European Parliament and the Council of Ministers, to tackle the problems together. But the Council of Ministers, which took the final decisions, needed to exercise more discipline in working together. At the moment ministers were attending council meetings 'armed with dossiers, flanked by advisers, and fearful of protectionist measures at home', he said. 'It is seen as a sign of courage to fight, yet often it is more courageous to agree.'

□ BRITISH BUSINESS

FULL-TIME BENEFITS FOR PART-TIME WORKERS?

Temporary workers could be given the same rights as full-time employees, if the House of Lords Committee on the European Communities gets its way.

A draft directive from the Commission may pave the way for a change of status for a category of workers who, a Lords' report says, have been the 'second class citizens' of the labour force, largely unprotected by law and often exploited because legislation has been developed around full-time workers.

The Commission's proposal aims to improve the part- time workers' status by 'extending on a proportional basis the rates of remuneration and other financial benefits enjoyed by full-time workers'.

With the exception of Denmark, the UK has more part-time workers than any other member state. One-fifth of the British workforce is employed part-time, and there has been an upward trend in part-time employment in the last 20 years from 2 to 4 million.

Another half-million are likely to be added to the current figures before the end of the decade, says the report. Over 80 per cent of the part-time work-force are women whose employment is generally limited to certain sectors of industry – services, food, electrical engineering, textiles and clothing – at lower paid grades.

WHAT'S IN THE PAPERS

Having spent the best part of ten years getting tachographs into EEC truck cabs, the EEC Commission now seems bent on getting most of them out again. That, at least, is the fear of the major European component manufacturers who have built up a $150m-a-year business supplying monitoring equipment to the 350,000 commercial vehicles registered in the Community each year.

The manufacturers, including Lucas and Smith Industries of Britain, Jaeger of France and Kienzle of Germany, wrote to the Commission this week warning it that proposed changes to current EEC regulations could take away up to two thirds of their market. The social cost would be several thousand jobs.

The tachograph manufacturers are probably worrying unduly. Transport policy is one of the areas where European integration moves at its slowest. Since it took 10 years to get the spies into the cab, it is going to take at least as long to get any of them out again.

– Economist

Edward Heath's chum, Madron Seligman, who represents West Sussex's interests in Europe, has won a decisive victory over telephone tunes at the EEC headquarters.

Telephone tunes? Well, in Europe, where they have advanced telephone systems, a little ditty is played in your ear while you wait for someone to reply. Up till now at the EEC HQ, the tune has been 'Home On The Range'.

Seligman says: 'It was ridiculous that the European Commission should be playing an American cowboy tune'.

So he wrote to the EEC president, Gaston Thorn demanding a change.

Thorn agreed. The tune will now be 'Greensleeves'.

– Daily Express

The battle against the big car manufacturers which is being waged by the EEC Commission is not being helped by the lethargy and ambivalence of individual governments.

Standardisation of VAT, other taxation and car specifications would help. For instance it is cheaper for Germans to buy cars manufactured in Germany by crossing into France.

Therefore the efforts of the European Commission and the European Parliament are directed to helping every single car owner and potential car buyer in the UK.

– Letter in the Observer

A concerted campaign to sell British food in France is to be inaugurated this autumn. It is certain to meet strong resistance from French producers and already shops are being circulated with posters which – in breach of EEC free trade conventions – flatly urge consumers to boycott British produce.

More than anything, the campaign reflects Britain's dramatically changed status in the past few years, from depending heavily on imports to self-sufficiency or surplus in many agricultural products.

Sir Stephen Roberts, chairman of the Milk Marketing Board, cited the fact that Britain was now more than 80 per cent self-sufficient in dairy products, compared with less than 50 per cent five or six years ago.

– The Times

Britain now has a record Common Market-style grain 'mountain' of more than one million tonnes – and the total is still rising fast.

After a record harvest which has exceeded 20 million tonnes, farmers are finding they can get more for their grain by selling it into "intervention" than to grain buyers or users like millers and feed compounders.

Already some 900,000 tonnes of barley and more than 300,000 tonnes of bread-making wheat have been offered to the Intervention Board for Agricultural Produce – the arm of the Civil Service that administers the Common Market farm support arrangements in Britain.

The Intervention Board buys up and stores the grain to try to create an artificial shortage and thus raise prices paid to farmers on the open market.

– Daily Telegraph

The 'British' import is insidious. For instance, a report from the Institute of Fiscal studies shows how the structure of the British car market has kept prices here much higher than abroad. Nearly two-thirds of new cars are bought through companies or institutions under pressure to buy British brands, even though they may be imports.

This, aided by restriction on foreign types, always appears to help BL *et al* but in the long term has merely allowed British factories to become uncompetitive and strong British brands to be sourced abroad. Elsewhere, too, if you buy a British brand video, you will buy an import whereas Hitachi television may well be British made.

– Sunday Times

In the period since Ian MacGregor took over at British Steel, costs have been reduced and prices have risen under the EEC regime; but the volume of business has fallen away, and the hoped for build-up of profitable export business has proved impossible to realise.

MacGregor and the Government know that they are now faced with taking hard strategic decisions on the shape and size of the British steel industry. In the coming weeks, massive short-time working across the corporation suggests itself as the most likely development, resulting from the high level of stocks (equivalent to 15 weeks' production) built up before the summer holidays.

– Observer

A Labour government would immediately stop Britain's payments to the Common Market as a prelude to complete withdrawal, Shadow Chancellor Peter Shore said last night.

Then, after disengaging from the Treaty of Rome, Britain would seek some new form of cooperation on the basis of 'socialist, not capitalist ground rules,' Mr Shore told a fringe pre-conference meeting.

– Daily Mail

This year's English wine is expected to sell from between £3 a bottle for the cheapest whites to £6.20 for the best reds. But even with production of a million bottles there will be no surplus: every one can find a market, either here or abroad, especially Germany.

Nevertheless, wine growers complain that the Government takes up to £1 out of the price of every bottle for excise duty and VAT.

–Observer

Two Euro-MPs have promised to raise questions through the Euro-parliament about a subject guaranteed to bring the blood to the cheeks of their male colleagues: menstruation. More particularly, Janie Buchan and Ann Clwyd are to question whether or not it is discriminatory to levy Value Added Tax on sanitary towels and tampons.

The argument, put tirelessly by campaigner Denise Flowers over the last two years, is that to levy a tax on items which women, but only women, have to buy for hygienic reasons is discriminatory.

– Spectator

The Benelux countries are strongly attracted by an à la carte model for Europe as a means of hastening the process of integration. Denmark, West Germany and the UK are the most sceptical about what they believe to be Italian flights of fancy. How, they ask, could the integrity of the Common Market for industrial and agricultural goods be maintained if member states could pick and choose which regulations to apply?

– Financial Times

Consumer and environmental groups in Britain and other European countries yesterday launched a campaign pressing the EEC to phase lead out of petrol in all member states.

Existing Common Market legislation forbids a lead limit lower than 0.15 grams per litre.

–Guardian