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GIOLITTI CALLS FOR REGIONAL REFORM

"Development is like a plant, which has to adapt to local conditions. If it isn't fed and cultivated by its surroundings it won't flourish," says European Regions Commissioner Antonio Giolitti.

The recession has brought about a reversal in the trend towards balanced regional development experienced in the Sixties. Poor areas are getting relatively poorer and industrial decline has affected whole regions. Consequently a coherent regional policy is now needed more than ever and the nine-year-old European Regional Policy must be reviewed, he claims.

Since 1975 European Regional Development Funding (ERDF) has increased more than eightfold and now stands at about £1.2/IR£1.5 billion. But where the money goes is up to national governments. As a result the policy remains a subsidiary one, as the European Commission does not have the power to deal directly with regional and local authorities.

Mr. Giolitti believes that the division of the European Regional Development Fund (ERDF) into national quotas is a fatal flaw. The creation of a "non-quota" section was an important step forward, he says.

The non-quota section gives the Commission a greater margin for manoeuvre and enables it to concentrate on the most urgent priority programmes.

The Council of Ministers has just approved a new series of non-quota allocations worth £405/IR£518 million, three times as much as in 1980.

The money will go towards funding projects in Southern Europe and in areas hardest hit by the decline of traditional industries such as steel, textiles and shipbuilding.

"After the disappointment of Athens, the Council decision to adopt a Community-wide regional policy and to fund it has considerable political significance", says Mr. Giolitti.

Region (Contd.)

In addition to excessive centralisation, Europe's regional policy also suffers from a lack of coordination, according to Mr. Giolitti. This occurs at two levels: between Community regional policy and national regional policies and between Community regional policy and other Community policies.

A resolution adopted by the Council of Ministers in 1979 observed that "regional policy is an integral part of the economic policies of the Community and the member states.. and is among the various elements that contribute to the increased convergence of economic policies."

Coordination has already been successfully incorporated into "integrated operations", where EC, national and local efforts are coordinated to reach fixed development objectives in a particular area. The same applies to the integrated Mediterranean programmes, which consist of three EC funds contributing in each case to a single development goal.

But the key to success lies at local level, says Mr. Giolitti. Latent human resources must be tapped and the role of local management and small firms is vital, he says.

SERVICE SECTOR GROWS.

Over 56 % of Europeans now work in the service sector and the percentage will continue to grow in the future, according to Eurostat.

Since 1958 technical progress has radically changed the face of Europe's economy. In those days 20 % of the workforce in the original Six EC states worked in agriculture. Now they represent less than 7.7 %. The percentage of the labour forces working in industry has also declined from 42.7% to about 36%.

Technological change has meant that services now account for the lion's share of jobs. In 1958 they only accounted for 38.5% of the total.

In the Netherlands, Denmark, Belgium and the UK, they now represent over 60%. The lowest percentage is in Greece, where about 40% of people work in services and 30% in agriculture. By comparison, in the United States, services account for nearly 70% of the total.

LIBERALIZE TOURIST SPENDING SAYS COURT

Good news for holiday-makers and travel agents. The European Court of Justice has ruled that money spent abroad for tourism, business trips, study or health is payment for services and not a movement of capital. Consequently it cannot be subject to legal limitations.

The decision follows a referral from the Genoa courts dealing with the case of two Italian citizens heavily fined for having taken more than the permitted Lit.500,000 limit with them out of the country.

Mrs Luisi and Mr Carbone claimed that the money was for tourism and medical treatment and challenged the right of the Italian government to stop them. The Genoa court referred the case to the European Court in Luxembourg.

The European Court decision was based on Article 59 of the EEC Treaty, which disallows any restriction on the provision of services in the Community.

But the Court recognised the right of member states to check that payments were not undeclared capital transfers destined for investment abroad. Checks should only apply to sums over a certain level. But the rules should not impinge on the normal flow of free exchange in service. "There is no question of limiting payments and transfers for services to a certain amount per transaction or over a set period of time," say the judges.

In future member states will have to take the ruling into account when they try to stop money from leaving the country to pay for services. Countries operating exchange rate controls will take a dim view. On the other hand, the European Commission, which has always supported the free movement of people, goods and services in Europe, is delighted.

TRADE DEFICIT WITH JAPAN RISES.

In 1983 the EC countries registered a \$12 billion trade deficit with Japan, bringing urgent calls to redress the balance from European Commission Vice-President Wilhelm Haferkamp.

The imbalance in EC-Japanese trade relations has existed for years. Since the end of the Seventies the situation has steadily deteriorated. Despite EC complaints and Japanese promises, the Japanese market remains a fortress. The main cause of friction between Japan and her trading partners remains her low level of imports and the administrative trade barriers that limit access to her markets.

Japan has gone some way towards liberalizing controls. It has reduced or removed a number of customs duties, notably on chocolate, biscuits, cognac, whisky, cigarettes, handkerchiefs, diesel engines, machine tools and tractors. It has also increased a number of export quotas, improved certification procedures and increased administrative flexibility.

In October 1983, following EC complaints, the Japanese government announced its intention to stimulate the economy in order to achieve a better external balance, to open its markets, to promote imports and control the export of "sensitive" products.

But declarations of intent are not enough and action must speak louder than words, according to Mr Haferkamp. "Japan has not yet adopted a policy aimed at significantly increasing its imports of manufacturers," he says.

The Community has now proposed a series of measures, with the support of the US and Canada, both of which are in a similar position vis-a-vis Japanese exports. It wants the Japanese authorities to fix precise import objectives and to totally or partially dismantle all customs duties on imported manufacturers, for a fixed length of time.

The measures would have the double merit of bringing some degree of balance back into Japan's trade relationship with the rest of the world and of easing international tensions, says Mr Haferkamp.

UNEMPLOYMENT RISES.

Registered unemployment in the nine EC countries excluding Greece rose from 12.2 to 12.4 million in the last two months of 1983, according to Eurostat.

The increase from 10.9% of the workforce to 11.1% was mostly due to seasonal factors. The figures showed a 3.5% increase in the rate of male unemployed and a slight 0.3% decrease in the rate for women.

Over the year unemployment in the Nine rose 6.5 percentage points from 10.4% to 11.1% of the workforce. Women suffered worst with a 7.3% increase, compared to 6% for men. By the end of the year, 39% of the total were under 25.

Ireland still has the highest rate of unemployment at 16.4%, followed by the Netherlands with 15.3%, Belgium with 14.8% and Italy with 12.6%. The United Kingdom has 11.9%, Denmark 10.1%, France 9.8% and the Federal Republic of Germany 8.7%. Luxembourg has a tiny 1.8%.

Unemployment increased in all the EC countries last year without exception. The largest increase was again in Ireland, with an additional 2.2% of the workforce losing their jobs. The comparable figure for the Netherlands was 1.6%. Other states managed to keep their losses below 1%.

MINISTERS AGREE ON 1984 FISHING QUOTAS.

EC Fisheries Ministers have agreed new fishing quotas for 1984, including the total number of fish to be caught (TAC) and the distribution of the catch amongst the member states.

The meeting, which took place in Brussels, also agreed to negotiate fishing agreements with Senegal and the Seychelles and sorted out the distribution of the EC's fishing quota in the Canadian waters.

The Total Allowable Catch (TAC) for cod is to rise from 512,100 tonnes to 516,010 tonnes. TACs for Saithe, Plaice and Mackerel are also to increase.

But member states agreed to catch fewer Haddock and Whiting. The TAC for Redfish remains unchanged.

EUROPE'S YOUNG MUSICIANS TO VISIT CHINA.

The European Community Youth Orchestra (ECYO), which includes some of Europe's finest young musicians, is to make an eight-concert tour of the People's Republic of China in April, followed by two concerts in Hong Kong.

The 115 members of the orchestra are all aged between 14 and 23 and were selected from about 4000 applicants.

Conductor James Judd, who is the orchestra's Associate Music Director, will lead the tour and Rumanian pianist Radu Lupu is the soloist in a programme that will include works by Brahms, Beethoven, Mendelssohn, Britten, Mussorgsky and Mahler.

The three-week tour will include two concerts in Canton, three in Shanghai and three in Peking, before audiences of up to 4000 people.

Classical music has been officially encouraged in China since the end of the Cultural Revolution and members of the orchestra will get a chance to visit Chinese conservatories to meet and play music with young Chinese musicians.

The orchestra is supported by the European Commission, the European Parliament and the governments of the EC members states. Sponsorship for the China Tour has come from ITT Europe.

At a reception announcing the tour in Brussels, Commission President Gaston Thorn said that it was "part of a series of contacts between the Community and China aimed at closer economic and cultural exchange."

Cooperation between the EC and China has grown steadily since the end of the Cultural Revolution and the death of Chairman Mao. Trade between the two blocs doubled in the late Seventies to over US\$ 5 billion and the Community has become China's largest market for manufacturers.

Other links have included seminars organized by the European Commission aimed at informing European businessmen about trade with China and cooperation between European and Chinese energy experts. In 1981 the EC organized an EC-China Business Week.

EC TO FREE FOOTBALLERS.

European football clubs will soon be able to employ an unlimited number of players from anywhere in the EC, according to European Employment Commissioner Ivor Richard.

Several national football associations in Europe currently limit the number of foreign players in a team to two, in order to give preference to players of their own nationality and to save money.

But German Christian Democrat MEP Elmar Brok has questioned the legality of the practice, given EC legislation guaranteeing the free movement of workers in the Community.

A European Commission investigation of the practice has been carried out and if national football federations fail to scrap their nationality clauses, the Commission will take them to the European Court, says Mr Richard.

MEP CALLS FOR PARTIAL IVORY IMPORT BAN

A Euro-MEP has called for a ban on EC imports of ivory from countries which are not signatories of the Convention on Trade in Endangered Species (CITES).

In a draft report for the Parliament's Environment Committee, British European Democrat MEP Stanley Johnson says that tough import controls, international supervision and an international method of marking traded ivory are needed to protect Africa's dwindling elephant population from poachers.

According to the International Union for the Conservation of Nature and Natural Resources (IUCN) and the World Wildlife Fund (WWF), Africa still has about 1.3 million elephants.

But in recent years numbers have decreased rapidly. Between 1970 - 1977 Kenya's elephant herds roughly halved to their current level of about 65,000. A similar decline took place in Uganda during the Amin years and in Northern Tanzania. Elsewhere in Africa, poaching and the destruction of the elephant's habitat is decimating herds, according to the report.

EC TO INVESTIGATE BORDER ARMS AND DRUG BUSTS.

The European Commission is to investigate the quantity of arms and drugs seized and the number of people arrested at EC frontiers and airports every year.

The move follows a parliamentary question from German Christian Democrat MEP Rudolf Wedekind, who says that combating smuggling and terrorism is often put forward as a justification for boarder checks inside the Community.

He also wants to know the number of customs officials, the level of customs revenue and the number of prosecutions made for infringements of customs regulations.

EURO-CYCLE PATHS ?

A Euro-MEP has called for a uniform system of road signs for cycle tracks in the European Community.

German Socialist Rudolf Schieler says that at the moment cycle paths are all marked differently in different countries - causing horrible confusion amongst Europe's growing body of cyclists.

The Dutch system of uniform signs on a green background could provide a useful model for any future European system of symbols, he says.

POST OFFICES VS. AIR COURIER SERVICES.

Restrictive practices adopted by national post offices and customs to discourage competition from private international air courier services, could be in breach of EC competition rules, according to EC Commissioner Frans Andriessen.

The European Commission is currently examining complaints from firms operating both in France and in the Federal Republic of Germany.

Territorial restrictions placed on the activities of the couriers in France under an agreement with the French PTT and customs clearance procedures for consignments carried by courier services, are both under Commision scrutiny, Mr. Andriessen told British European Democrat MEP James Moorhouse.