



a newssheet for journalists

Weekly n° 38/89

27 November - 4 December 1989

S U M M A R Y

- P. 2 ENVIRONMENT: The dangers of 1992
Dark clouds on the horizon of the single market: Mr Ripa di Meana sounds a note of warning.
- P. 4 VAT: Who is for eliminating border checks?
The European Commission reproaches the Twelve for sticking to the provisional.
- P. 5 SOCIAL AFFAIRS: An ambitious but realistic action programme for 1992
The European Commission announces 45 new proposals.
- P. 6 CURRENCIES: A European currency for the man in the street
Luxembourg tries an experiment to popularize the ECU.
- P. 7 CONSUMERS: The Twelve come to their defense
Relaunching consumer protection policies.
- P. 8 EMPLOYMENT: ECU 88mn. for continuous training
The European Commission proposes a programme to develop continuing vocational training in the light of 1992.
- P. 9 UNEMPLOYMENT: Slight fall in September in the Community as a whole ...
... but substantial regional differences remain.

Mailed from: Brussels X

ENVIRONMENT: The dangers of 1992

Dark clouds on the horizon of the single market: Mr Ripa di Meana sounds a note of warning.

Some 70 million more cars, making a total of 200 million by the end of the century - half of them anything but clean, without taking into account the vehicles which will come from Central and Eastern Europe; an ever-expanding network of motorways; an annual production of 25 million tons of waste in the EC alone; tens of millions of tourists, pouring across Europe in a remorseless flood; steadily rising levels of chemical pollution

Will the EC of 1993 be in a position to face up to the undesirable effects of the single market? The European Environment Commissioner, Carlo Ripa di Meana, has found it necessary to sound a warning note, even while rejecting the most pessimistic forecasts. The impact of economic growth on the environment is of crucial importance. Public opinion everywhere is becoming increasingly conscious of environmental issues; concern over damage to the environment is finding expression not only in public opinion polls but also political activity.

Despite the money that is being made available, public as well as private, the environment continues to deteriorate. At the same time the EC pursues the completion of the single market, an achievement which will act as a powerful stimulant to economic activity, with a potential benefit to the Community of the order of 4.5 to 7% of its Gross National Product (GNP). This increased economic activity has an environmental dimension to it: if the necessary policies and techniques are not adopted economic growth will result in higher pollution levels and environmental damage. The damage nevertheless will not increase uniformly and at the same rate as economic growth; one can even count on improved technologies to counter environmental damage - which is to say that we still have time and can do much to reconcile economic growth and environmental protection.

In presenting to the press the report of the Task Force (made up of independent experts) on the environment and the internal market, Commissioner Ripa di Meana insisted on the need to strengthen without delay Community policy in the fight against pollution. He noted that while he welcomed the report's conclusions as a whole, he did not accept all its proposals, and would not submit the report as it stood to the European Commission, which had to have its hands free to act.

The experts' report will serve rather as a working document for drawing up a Community programme of broad-ranging activities in favour of the environment. It is especially urgent, in Mr Ripa di Meana's view, to redirect transport towards methods which are less polluting, by means not only of structural but also economic

(Contd.)

(Contd.)

and fiscal measures - such as the introduction of tolls on roads leading to city centres, a ban on driving between certain hours or in certain areas, a reduction in petrol consumption through higher taxes, limits on the construction of motorways, together with a preference for a mix of road and rail transport.

Other major problems which the single market is likely to pose concern waste management, with an increase in traffic to and within countries which are more tolerant in this matter, unless care is taken when the Community's internal frontiers are abolished. The single market is also likely to affect the development of the Community's less favoured regions, where certain areas could be sacrificed to local economic requirements. It is therefore essential to strike a balance between the need to help them catch up economically and environmental protection. It is necessary, however, that all those active in the political, economic and social life of these areas become aware of the problem and provide for investments in environmental protection (currently sadly lacking) in their plans for economic growth, so as to catch up with the more favoured regions.

Another risk arises from the present trend towards multinational investments in agriculture, forestry, market gardening and tourism. The liberalization of capital movements and the free movement of labour, as well as the eliminations of restrictions on the purchase of land, will strengthen this trend. But severe environmental damage can only be avoided if there is an effective system of environmental management, which directs investments to those regions which can absorb them most readily.

Mr Ripa di Meana indicated, in conclusion, the strategy he intends to follow, based on the four following priorities: (1) increased use of Community economic instruments in favour of environmental protection; this amounts in practice to higher taxes on products which pollute the most; (2) a systematic integration of the environmental dimension in all Community policies, especially those aimed at the completion of the single market; (3) the development of an environmental protection industry, one sufficiently competitive to take on its American and Japanese counterparts - and sustained, therefore, by the application of high anti-pollution standards and (4) better information on the impact of economic activities on the environment.

A programme along these lines will be submitted by Mr Ripa di Meana next year to the European Commission. It is clear, however, that the Community will not be able to meet all the challenges, internal as well as external, through legislation alone. Hence the proposal to set up a European Environment Fund, which would both coordinate and support action undertaken by the Member States.

VAT: Who is for eliminating border checks?

The European Commission reproaches the Twelve for sticking to the provisional.

Will we really be able, after 1 January 1992, to buy whatever goods we like in another European Community country and bring them home, without irksome, time-consuming checks? It's far from certain. With the deadline drawing closer, the European Commission is of the view that the EC Council of Ministers has not taken the necessary steps to guarantee the elimination of fiscal checks at the borders - those which are justified because of differences between national systems of indirect taxation: VAT and the excise duties on alcohol, tobacco and petroleum products.

At their meeting on November 13, the Community's finance and economy ministers considered the fiscal system to be introduced on 1 January 1993 as settled. The fact is they decided to leave unchanged the system for the payment of VAT and excise duties; payment will continue, therefore, to be made in the country of destination, at the rates in force there.

The ministers declared the solution to be a temporary one and announced they would later adopt a definite system of payment in the country of origin, as recommended by the European Commission. But in the Commission's view there is no guarantee that this solution will be temporary; the only undertaking the EC Council of Ministers gave in this connection was to examine the question before 31 December 1996.

Nor did the ministers come to any decision as regards the approximation of their VAT rates, as envisaged under the "1992 programme" and aimed at preventing consumers from travelling to countries with lower rates. They also failed to commit themselves to the elimination of duty-free shops.

Faced with the Council's attitude the European Commission took the somewhat unusual step of issuing a statement, claiming that "the Council so far has not shown ... the political will needed to eliminate fiscal borders on 1 January 1993".

SOCIAL AFFAIRS: An ambitious but realistic action programme for 1992

The European Commission announces 45 new proposals.

The much talked-about "social dimension" of the single market is taking shape. The European Commission presented on November 20 an action programme containing 45 new proposals and aimed at giving substance to the principles of the Community charter of fundamental social rights of workers. The Community's heads of state or government will look at the charter during their summit in Strasbourg in early December.

The action programme includes 19 proposals for Community legislation. Among them two regulations, a category of Community legislation which, once adopted by the EC Council of Ministers, comes into force throughout the EC without further ado. The two regulations should guarantee all Europeans working in another Community country than their own equality of treatment with nationals of the country in question.

The 17 proposals for directives - Community laws which must first be incorporated into the national legislation of each Member State - seek to improve conditions of health and safety at the workplace and protect pregnant women, temporary and part-time workers and the young. The Commission wants the Twelve to set a minimum age for workers and limit the number of hours worked by those under 18 years of age.

The Commission also wants the Council of Ministers to take decisions in a number of other fields, notably in order to ensure equal treatment for men and women. In several cases the Commission has not yet decided whether it will propose binding measures this is the case as regards the consultation of workers in multinational companies, vocational training and share owning and participation in a company's profits by its workers.

In several key areas, such as minimum wages or social security, the Treaty of Rome, the Community's "Constitution", gives few powers to the Community, so that the Commission must confine itself to making recommendations to the Twelve.

The Commission has undertaken to submit all the detailed proposals by 1992 at the latest. Some of them will be adopted by the Council of Ministers by majority vote; others will require unanimity. This is likely to pose problems, given the British government's opposition to roughly half the social charter.

CURRENCIES: A European currency for the man in the street

Luxembourg tries an experiment to popularize the ECU.

The ECU, the European Community's monetary unit, is emerging as a genuine currency. From November 8 to December 4 shops, restaurants and hotels in Luxembourg are accepting the ECU in full settlement of their bills, thanks to an operation launched by the association "Eurocitoyen", with the help of the Eurocheque organization as well as the international network of credit cards and Luxembourg's shopkeepers and hoteliers.

The latter are displaying their prices in both the local currency, Luxembourg francs, and the ECU. And in certain hotels and restaurants the majority of their customers are paying in ECU. However, the full results of the operation will not be known until the beginning of December.

The operation is not confined to Luxembourg, however. In order for it to succeed, the banks had to devise two systems which, needless to say, can be used throughout the 12-nation European Community and long after November's experiment has come and gone. Banks which issue Eurocheques have extended their guarantee to Eurocheques drawn in ECU, for a maximum of ECU 170 per cheque. Eurocheque International in fact has decided to allow its clients to draw cheques in ECU next year, if they so wish, in all EC countries, except Greece, and in other European countries.

At the same time the two banking organizations, VISA and Eurocard, had to make their electronic payment system compatible with each other. As a result, banks affiliated to the VISA and Eurocard-MasterCard networks, are in a position to give their customers credit cards which allow them to carry out operations in ECU, while the 1.5 million shops and other establishments that accept VISA or Eurocard are now equipped to accept payment in ECU.

There are no technical obstacles to repeating the Luxembourg experiment in other Community countries, according to "Eurocitoyen". If this were to happen, Europeans with a bank account in ECU could travel throughout the Community, almost without having to change currencies.

CONSUMERS: The Twelve come to their defense

Relaunching consumer protection policies.

"The European Commission now has backing for its policies in favour of consumers" was how the European Commissioner for consumer protection, Karel Van Miert, summed up the results of the recent meeting of the EC Council of Ministers devoted to consumer affairs. The fact is that the Council decided on November 9 to put an end to its sterile discussions on several outstanding issues by adopting concrete measures for relaunching a policy of genuine consumer protection.

The Council set the stage by adopting a resolution setting out its future priorities. There are five of them and they include:

1. integrating consumer protection policies into the other Community policies through an overall study of the effects of the internal market on the consumer, which would highlight the sectors which most affect consumer interests;
2. improving consumer representation in Community bodies;
3. promoting the general safety of goods and services, as well as the flow of information on the quality of such goods and services;
4. encouraging Member States to promote access to legal redress for consumers who are victims of defective or dangerous goods or services; and
5. organizing consultations between the Commission and national experts to bring to a conclusion on-going work, including the proposal for a Directive on unfair terms in contracts, as well as a study on possible initiatives in the fields of consumer education and unfair advertising.

The Twelve also made progress as regards a directive which the Council's French President, the State Secretary for Consumer Affairs, Mrs Véronique Neiertz, considered "essential". This is the directive on general product safety, which seeks to introduce at Community level a general obligation to produce and market only safe products. Ministers seemed generally agreed that the scope of the directive should be limited to consumer products, although these have yet to be clearly defined. The Council agreed on the need to avoid duplication with existing Community rules.

Finally, as regards package travel, the subject of considerable differences between the Member States ever since it was put on their agenda by the European Commission in 1988, the ministers made significant progress on three key points: the definition of a package, the liability of the organizer and the guarantees he must provide.

EMPLOYMENT: ECU 88mn.* for continuing training

The European Commission proposes a programme to develop continuing vocational training in the light of 1992.

The major economic and social changes occasioned by the creation of the 1992 single European market require continuing vocational training if they are to succeed. This has been recognized by the European Commission, which is determined to meet the challenge they present. It is in this spirit that the Commission has just proposed a major programme for the development of continuing vocational training.

The programme consists of a common framework of general principles, which the public authorities in the Member States undertake to promote, as well as a series of transborder measures, to be implemented at the Community level.

Two types of action are envisaged. The European Social Fund will support and co-finance projects aimed at promoting investment in training, to the extent that it helps create regional consortia or transborder associations. In the latter case, priority will be given to products aimed at (1) the personnel of small and medium sized enterprises (SMEs) and (2) people who cross their country's frontier daily to go to work or at projects located in development poles in the Community.

The European Commission will draw up four types of transborder actions: (1) an exchange programme for full-time teachers, executives of personnel departments, workers' representatives and specialists in training employed by regional consortia; (2) the networking of activities backed by the Social Fund; (3) preparatory work on the conception and design of transnational or transborder pilot projects which explicitly take into account the effects of the single market and focus on the mobility of labour, equal opportunities for men and women and the development of training programmes with a Community dimension and (4) the execution of sectoral surveys on vocational training plans.

For Mrs Vasso Papandreou, the European Commissioner with responsibility for social affairs, employment and education, this programme must be the spearhead of the strategy adopted by companies and the policy conducted by Member States in order to master the massive problems posed by the completion of the single market in 1992.

* 1 ECU = UK£0.70 or IR£0.77.

UNEMPLOYMENT: Slight fall in September in the Community as a whole ...

The slow decline in unemployment in the 12-nation European Community as a whole continues. In September the Community's unemployment rate stood at 9.1%, as compared to 9.2% the previous month, according to the latest seasonally adjusted figures published by Eurostat, the EC's Statistical Office.

Unemployment has fallen from 9.8% to 9.1% in the EC as a whole during the last 12 months. The sharpest falls have taken place in Britain, Ireland and Spain. The rate of unemployment has remained more or less unchanged in France, Italy and Luxembourg, while it has risen in Portugal and especially Denmark. Elsewhere in the EC unemployment has fallen in the same proportion as in the Community as a whole.

The unemployment rate for the under-25s has also fallen on a 12-month basis; it stood at 17.4% in September, as compared to 19.4% the previous year. The biggest falls were recorded in Britain and Spain. With its rise in youth unemployment, Denmark was an exception.

... but substantial regional differences remain.

Between Luxembourg's 1.8% and the 28% recorded in the Andalusian region of Spain are to be found almost as many unemployment rates as there are regions. This is clear from the detailed statistics for April 1989, published by Eurostat in mid-November.

The unemployment rate was below 4% in East Anglia, in 10 of Germany's 30 or so regions, nearly all of them in the south; in Luxembourg, the north of Portugal and the Trentino-Alto Adige region in the very north of Italy. But it was over 15% in more than half the regions of Spain, in southern Italy, the two Irelands and the Languedoc-Roussillon region in the south of France.

There were substantial differences in unemployment rates within a number of countries. In the U.K., for example, between East Anglia's 4% and the nearly 17% recorded in Northern Ireland. In Germany the unemployment rate for Stuttgart was 2.9%, as compared to 10.9% for Bremen; in Italy the Trentino region recorded an unemployment rate of 3.6%, Calabria one of 24.2%.