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Mailed from: Brussels X

Europe for all

VAT: Will the EC's internal borders disappear at last?

The European Commission submits fresh proposals.

With fewer than 1,000 days to the date set for the completion of the single market, the Twelve have yet to decide on measures aimed at eliminating customs checks at the EC's internal frontiers. These checks have continued because of differences in VAT rates from one EC country to another, and the failure of the Twelve to agree on harmonizing them, as proposed by the European Commission in 1987.

To break the deadlock, the Commission has abandoned its efforts to get the Twelve to harmonize their VAT rates through Community legislation. Instead, it offered them a new formula on 8 May 1990, by moving the place where VAT is levied in the case of exports from one Member State to another, with a view to ending border checks once and for all.

If the Twelve accept this new formula, after 31 December 1992 ordinary people will be able to buy what they like, where they like in the Community, even while paying VAT in the country of purchase. The Commission envisages two special cases: cars, for which buyers will pay VAT in their country of residence when registering the vehicle, and goods bought from mail-order firms. Here consumers will be billed VAT at the rate in force in their own country.

As for firms which buy supplies in another EC country, they would buy duty-free in the country in which the goods originate, VAT being levied at the time of the first purchase in the country of destination. This system would mean an end to all customs documents in trade among the Twelve, and so do away with some 50 to 60 million forms a year. The Commission is also proposing fewer statistical formalities, and even their elimination in the case of small and medium-sized firms.

To prevent fraud the Commission has proposed rapid and obligatory exchanges of information between the various tax authorities. The Commission also envisages an exchange programme for officials.

These measures would be in force for a period of four years. The European Commission would like VAT to be paid systematically in the country in which the goods originate from 1 January 1997.

UNEMPLOYMENT: 7mn. Europeans are jobless for more than a year
Employers, trade unions and governments in the EC agree to help them.

The fall in unemployment, which the 12-nation European Community has been witnessing for nearly four years now, has left unchanged the lot of the seven million or so who have been jobless for more than a year. From roughly 12% the unemployment rate has fallen to 8.5% in the Community as a whole; but people tend to remain unemployed longer.

Long-term unemployment - more than one year - is concentrated in less-favoured areas, whether in cities or the countryside. It strikes more especially disadvantaged social groups: the illiterate, youngsters with little schooling, women with no qualifications, elderly workers with outmoded skills.

The Twelve decided two years ago to devote billions of ECUs to the fight against long-term unemployment, especially by boosting professional training. Now representatives of employers' organizations, trade unions and EC governments, meeting with the European Commission in the framework of the Community's permanent committee on employment, have concluded more must be done.

During their meeting on May 8, the members of the committee concluded that the Twelve must forestall long-term unemployment by measures aimed at providing information, guidance and professional training. Of course large-scale job creation by companies would make it easier to solve the problem. The European Commission, for its part, had already begun to organize information exchanges between the Twelve on their successes. The committee felt it was necessary to do more along these lines and that the EC Council of Ministers must take fresh action, given the scale of the problem.

EMPLOYMENT: The Community counts one million temporary workers
Their number is rising by 15 - 20% a year.

One million people on average work each day on a temporary basis in the European Community. Most of them are men; they are generally under 30 years of age and 30% of them find permanent work, thanks to their temporary jobs. These are among the findings of a study carried out by the international confederation of temporary work businesses and published recently.

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But temporary employment does not play the same role in all EC countries. It is totally banned in Greece and Italy but authorized, practically without restrictions, in Britain. It is allowed in other EC countries, where it is regulated. Where this form of employment has a long history, the number of temporary workers is increasing by 15 to 20% a year on average. Where it has been introduced more recently, the growth rate is even higher.

CONSUMERS: A cordless European telephone for 1992?

The European Commission asks the Twelve to take the necessary measures.

A new cordless telephone, more practical and much cheaper than the present models, will soon make its appearance. To ensure that this new digital European cordless telephone (DECT) is in use throughout the European Community from the end of 1992, the European Commission has reserved a common wavelength for it, contained in a piece of Community legislation which it proposed to the Twelve at the beginning of May. The Commission also invited the national administrations in the EC countries to take all the measures needed for the generalized introduction of the DECT on schedule.

The DECT, a second generation cordless telephone, could be used in the home, like an ordinary telephone, as well as in the office and in the street, near a telepoint. It will provide a better quality of retransmission and its technical design will allow a much larger number of telephones to work simultaneously than is the case today. Another advantage is the price: the DECT will be much cheaper than its predecessors and therefore within the reach of most people. There will be as many as 100mn. of them in use by the end of the century, according to some experts.

Technically, the European cordless telephone can be operational by 1992. The European Telecommunications Standard Institute has already developed a technical standard and a group of European companies, Philips, Alcatel and Ericsson among them, claim they could put the DECT on the market by the date set for the completion of the single European market.

SOCIAL: No European system of social security for "1992"

The Twelve nevertheless want to approximate their systems.

Given the differences between the 12 European Community countries with regard to their economic and social situation, their governments do not intend to harmonize their social security systems in the light of the emerging single market. And they said as much during the meeting of their employment ministers in Ireland at the end of April 1990.

The Twelve realize, however, that with the disappearance of the Community's internal frontiers many Europeans will become more mobile. The European Commission would like both to discourage them from moving residence simply in order to enjoy better social security and to avoid harmonization on the basis of the lowest common denominator. This is why the Commission envisages "a convergence of objectives" of social security in the various EC countries. The task has been taken in hand by a group of experts from the Twelve.

UNEMPLOYMENT: A further fall in March

8.5% of jobless in the 12-nation Community.

Unemployment is still on the way down in the European Community. In March 1990 it stood at 8,5%, down from 8.6% in February, according to Eurostat, the EC's statistical office. These estimates take into account seasonal variations and are based on the definitions of the International Labour Office.

Unemployment declined in nearly all EC countries during the first three months of this year. However, it rose slightly in Portugal and was unchanged in the Netherlands.

Although female unemployment too has fallen, it remains at a higher level than male - 11.4% as against 6.6%. Unemployment among the young has fallen much faster than among the older workers: 16.2% of the under-25s were jobless in March as compared to 16.4% in February and 16.9% last October. Unemployment among the over-25s fell from 7% to 6.8% over the same period in the Community as a whole.

Differences among the Twelve remain substantial, however. The rate of unemployment was 10 times higher in Ireland (16.3%) and Spain (16.1%) than in Luxembourg (1.6%).

SOCIAL: Border-free allowances, day in, day out

The EC Court of Justice rules in favour of a part-time worker.

Mr Kits van Heijningen used to work for the Dutch giant, Philips, in Eindhoven (the Netherlands). Now retired, he lives in Belgium but returns to the Netherlands two half-days a week (Monday and Saturday), to give lessons. On the basis of this part-time job Mr van Heijningen sought family allowances for his two children, both minors, who are dependent on him and still at school. The Dutch social security agency (AKW) refused his request, on the grounds that he was not employed on the day on which the reference period begins (it is neither a Monday nor a Saturday).

The EC Court of Justice dismissed this argument as specious and ruled in favour of Mr van Heijningen. It held that the part-time worker must benefit from family allowances in the Member State in which he works, both on those days on which he is working and those on which he is not.

EDUCATION: Jean Monnet Project - 1990

The European Commission gives 220 subsidies to promote EC studies in the universities.

To initiate university students into the mysteries of European integration, the European Commission has just granted 220 subsidies to universities throughout the 12-nation European Community. These subsidies have been awarded in the framework of the 1990 pilot year of the Jean Monnet project, named after one of the Community's founding fathers. The funds are intended to set up new teaching activities in European integration at the university level.

The Jean Monnet project was launched at the beginning of the year to help universities and other institutions of higher education in the Community update the "European" content of their courses, particularly in law, economics, political science and history. Applications were received from more than 500 universities and higher education establishments in less than two months.

The Commission selected 220 proposals for setting up "European Chairs" in various fields. In funding these initiatives, the Commission means to contribute to the effort being undertaken by the universities to prepare young people for the single market for the frontier-free Europe of tomorrow.

ENVIRONMENT: Protecting fauna and flora in the year 2000

The European Commission proposes fresh action by the EC.

The environment has become a catch-all, with the result that every politician feels obliged to discourse on it. But words are not enough; action is needed too. The European Commission has been active in this field for years; it will have committed some ECU 20mn.* to it since 1985.

The Commission has just decided to enlarge the scope of its activities and to devote another ECU 11mn. to them during 1991 alone. The money will be used to finance projects for the conservation of biotopes and habitats of Community importance, on the one hand, and the conservation of endangered species on the other.

With the Directive on the protection of natural and semi-natural habitats, as well as wild fauna and flora, proposed by the Commission in the summer of 1988, action relating to nature conservation aims to set up, by the year 2000, a Community network of adequately protected natural zones, and to ensure the preservation of endangered species now and in the next millennium.

* 1 ECU = UK£0.74 or IR£0.76

REGIONAL POLICY: Environmental protection within the reach of the less well-off

The European Commission launches the ENVIREG programme.

ENVIREG ... this ugly acronym refers to the action programme launched by the European Commission in order to improve the environment and facilitate the economic take-off of the less-developed regions of the European Community. Tourism will be an important beneficiary. To this end, ENVIREG is to have a budget of some ECU 500mn.* for the period 1990-93.

The aims of ENVIREG have been defined by the Commission as follows:

- reduce coastal pollution, especially in the Mediterranean countries, by helping in particular with the recycling of liquid waste and the waste from medium-sized cities;
- promote the development of coastal areas, so as to preserve their natural beauty and fauna and flora;
- contribute to the management of toxic and hazardous industrial waste by encouraging firms to reduce the production of waste, on the one hand and, on the other, promoting production processes which use less water and fewer raw materials.

ENVIREG will also help regional bodies with information and know-how as regards the mastery and management of the environment. It will provide them technical assistance, especially by setting up a network of international experts to which these bodies could turn for help. It is now up to the Member States to submit concrete projects to the Commission in the next six months.

* 1 ECU = UK£0.74 or IR£0.76

TELEPHONES: European Commission to enquire into international charges

Have the companies reached an agreement among themselves at the consumer's expense?

Telephone companies charge on average two to four times more for a call than their actual costs. A confidential report by the Paris-based OECD (Organization for Economic Cooperation and Development) has claimed that the increase in traffic and introduction of new technologies, such as fibre optics, have led to a massive fall in operating costs over the last 10 years. But the savings have not been passed on to telephone users.

The report calls into question the system of international telephone charges introduced in the framework of the International Consultative Committee for Telegraphs and Telephones, which would penalize companies wanting to reduce charges and limit the growth in traffic.

The European Commission has therefore decided to open an inquiry into the arrangements governing international telephone charges, to see whether they are compatible with the competition rules of the Treaty of Rome.

Commission Vice-President Sir Leon Brittan, who is responsible for competition policy in the European Community, underlined the importance of the enquiry. "We have to ensure that consumers benefit from an international telephone charging system which allows genuine competition between the telecommunications operators", he said.

If there is a cartel, the Commission will take steps to restore healthy competition in a sector which is vital for the European economy and essential for all European citizens.