



# a newssheet for journalists

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EUROFORN

**A PEOPLE'S EUROPE: A traveller's allowance of ECU 600 as from July 1**

The Twelve want Europeans to have a foretaste of the single market.

For many Europeans this year's summer vacation will be placed under the sign of bargains and unconstrained purchases. This is because the European Community's finance ministers decided on March 18 to raise traveller's allowances for purchases made in other EC countries to ECU 600\*, as compared to the present maximum of ECU 390. The increase is a substantial one, given that previous increases to these duty-free allowances amounted to little more than adjustment for inflation.

Even so, the Twelve were less generous than the European Commission had hoped. It had asked them, nearly two years ago, to raise the allowance to ECU 800 in 1990 and to ECU 1,200 in 1991. In addition, the ECU 600 allowance is for travellers aged 15 years and over; those under this age will have to be satisfied with ECU 150. There is an additional restriction: for persons living in Denmark and Greece the allowance is limited to ECU 340 and to just ECU 95 for those resident in Ireland.

What is more, there can be no question of returning to one's country of residence, without any formalities whatsoever, with cigarettes and bottled wine or alcohol worth ECU 600. In the case of these products the duty-free allowance will continue to be limited to specific quantities: a maximum of 300 cigarettes, 5 litres of wine, 3 litres of aperitifs (below 22°) and 1.5 litres of spirits (over 22°). Even stricter limits will be in force until the end of the year for Denmark and Ireland. The Twelve have promised, however, to discuss in July the possibility of an eventual increase in these special duty-free allowances.

It will be some consolation to consumers to know that all the current restrictions on cross-border purchases made within the European Community by individuals will disappear on 1 January 1993, the deadline for the single market. The Community's finance ministers agreed on this unanimously on March 18.

\* 1 ECU = UK£0.70 or IR£0.77

**INTERNAL MARKET: Spanish customs officials conducting checks at Marseille?**

Perhaps, ... thanks to the European MATTHAEUS programme, adopted by the Twelve.

The coming months may witness the spectacle of Spanish customs officials checking goods arriving at the French port of Marseille from Africa or Asia; German customs officials at work at the Franco-Swiss border and Belgian customs officials checking freight arriving at Dublin airport from across the Atlantic. Between now and 1993 some 1,200 customs officials from the 12 European Community countries will have had the opportunity of working in another EC country than their own, on an equal footing with their colleagues from the host country. It will be a first for jobs which hitherto have systematically been reserved for nationals, and a first step towards the creation of a European customs service, in which an employee's nationality will no longer be of any importance. This, in any case, is the most significant aspect of the MATTHAEUS training programme for customs officials, adopted on March 21 by European Community ministers.

MATTHAEUS will also make it possible for students from national customs training establishments, as well as customs officials already on the job, to receive a "European" training. In addition, customs officials will be able to take courses devoted to the fight against fraud as well as accelerated language courses. The aim of the operation: enable customs officials from the Member States to carry out their new tasks in a European Community without internal borders, one in which all customs checks will be carried out at the Community's external borders.

The new programme takes over from a pilot project launched in 1989, under which nearly 600 customs officials were able to train in another Community country than their own. Its budget is a sizeable ECU 2.4mn.\*. MATTHAEUS will help to ensure that Community legislation is enforced at Germany's border with Poland in the same way as in Greek and Italian ports.

\* 1 ECU = UK£0.70 or IR£0.77

**INTERNAL MARKET: Borders disappear for merchandise trade**

An end to checks in 1993; meanwhile, steps in that direction.

The European Community's trade ministers chose March 21, the first day of spring, for the adoption of a series of "European laws" aimed at ending checks at the Community's internal borders on 1 January 1993, and at substantially reducing them in the meantime.

The Twelve first decided to do away with the Single Administrative Document - SAD - for 1 January 1993. This is the form which contains all the information needed by the customs to check on goods sent from one Community country to another. It is the culmination of a long process, given that SAD itself replaced, in 1988, the 130-odd forms which had to be filled in prior to that time.

The ministers also agreed to end the special TIR and ATA formalities from 1 January 1992 - that is, a full 12 months before the single market is ushered in. The TIR formalities apply at both the Community's internal borders and at all international borders to hauliers who have a TIR carnet among their papers and a plate bearing the same three letters at the back of their lorry, TIR being the acronym for the French phrase "transport international par route". The ATA formalities cover goods in transit through a country other than the countries of origin and destination.

The Twelve also decided to eliminate, from 1 January 1993, the formalities that apply to goods transported from one EC country to another for display at a fair or exhibition. Here, too, the current procedure, involving a Community carnet, is an advance on the earlier annoying aspects of officialdom; the Twelve in fact have extended it to cover carnets for exhibition purposes and unaccompanied works of art.

Finally, the Twelve adopted a "European law" which will make it easier, in the run-up to 1993, to use the facilities of the major inspection offices inside Member States - in London, Paris or Frankfurt, for example - in order to reduce the queues at border customs posts.

**CONSUMERS: Towards greater protection**

In some cases national legislation can be more far-reaching than "European" law.

Mr. Di Pinto is the manager of a small company which publishes a periodical devoted to announcements for the sale of small businesses. In order to collect this information Mr. Di Pinto has his salesmen call on tradesmen who have expressed their intention of selling their businesses.

In March 1989, the Paris high court found Mr. Di Pinto guilty of violating the French law on door-to-door selling. Under this law a client must be allowed a 7-day cooling-off period, during which he is not required to make any payments whatsoever. Mr. Di Pinto was fined and given a suspended prison sentence. This was because his salesmen demanded immediate payment for the announcement. There was no reference at all to a cooling-off period.

Mr. Di Pinto appealed against the sentence, only to have it both upheld and made heavier - the prison sentence was no longer suspended. He sought a stay of execution, on the grounds that the tradesmen his salesmen called on did not enjoy the protection of the French law - and that if they did, the law did not conform to the European Community directive of December 1987 which defines the consumer (in this case the trader solicited by the salesman) as "any individual who, for the transactions covered by the present directive, acts for a purpose which can be considered as outside his professional activity".

Not knowing just how to interpret this directive, the Paris Court of Appeal submitted the problem to the European Community Court of Justice. The latter held that the tradesmen visited by the salesmen, acting in a professional context, cannot be regarded as a consumer within the meaning of the European directive. However, this directive is not opposed to national legislation which, in France, extends its protection to traders, when they take steps with a view to selling their business. As this was the situation in the case in point, the Court of Appeal could confirm the judgement handed down in the first instance by the Paris high court.

**SOCIAL SECURITY: Old-age pensions in a border-free Europe**

Index-linked pensions cannot be reviewed periodically.

Mrs. Cassamali is retired, and because she held a diversity of jobs during her working life, is in receipt of more than one pension from Belgium and Italy. From the date of her retirement she also receives a widow's pension. The various pensions add up to some UK£3,000. However, Belgian law puts a ceiling on the sum a pensioner in Mrs. Cassamali's position can be paid. It amounted to roughly UK£2,250 on the day Mrs. Cassamali retired. Her widow's pension was therefore reduced so as to make sure that the total amount paid to her did not exceed the ceiling set under Belgian law.

On subsequent payment dates the Belgian body responsible for the payment of pensions continued to calculate the total amount due to Mrs. Cassamali; it reduced her widow's pension even further in order to offset the important increase in Italian retirement pensions as they are index-linked. Mrs. Cassamali took her case to the labour tribunal in Brussels, which sought the opinion of the European Community Court of Justice. The point at issue was whether these fresh calculations are authorized under Community law.

The Court answered in the negative. It is only in cases where the modifications are the result of changes in the way benefits are drawn up or in the rules for calculating pensions, principally because of a change in the worker's personal circumstances, that fresh calculations can be made - and not when the changes are entirely the result of changes in general economic and social conditions, which are reflected in the index. The Court held that Community law certainly does not authorize the recalculation of pensions, thus finding in favour of Mrs. Cassamali.

**CONSUMERS: The withdrawal of dangerous objects from sale**

The EC's rapid warning system has already been in operation more than once; but it must become automatic and speedier.

On February 28 the Belgian authorities warned the European Commission that a toy grenade was dangerous for children. Within two days the authorities concerned had been warned throughout the 12-nation Community, and were able to act quickly to prevent further accidents, which had included fingers blown off and burns.

Between February 11 and March 15 of this year seven different objects, regarded as dangerous, were identified or withdrawn from sale, thanks to this rapid warning system. In addition to the toy grenade they included an electric hair dryer, two electric irons for travellers and a portable electric heater - all of which were so poorly insulated that the user ran the risk of being electrocuted. The list also included two other toys: white plastic eggs which could suffocate a child if put in the mouth and a "magic" bracelet, made from sheet metal, which had already caused numerous cuts to the faces and hands of children playing with it.

The European Commissioner for consumer protection, Mr. Karel Van Miert, would like the warning system to be automatic and faster. It will become fully effective once it has been incorporated into a general directive on product safety. In this framework, after notification and as a last resort in the case of divergent measures taken by the Member States, all the authorities concerned in the various EC countries will be able to envisage, with the Commission, the adoption of measures at the Community level, so as to ensure a more or less uniform protection of consumers throughout the territory of the 12-nation Community.

**COURT OF JUSTICE: No European objections to a municipal entertainment tax**

There is nothing to prevent local councils from levying a special tax on public shows and entertainment.

The Belgian municipality of Overijse adopted a fiscal regulation in 1983, under which anyone organizing public shows and entertainment for profit on its territory, whether occasionally or on a regular basis, is liable to a special tax, amounting to 25% of gross receipts. The receipts in question include not only the entrance but also the sums collected by way of rent, cloakroom services, programme sales, drinks, etc.

The company N.V. Giant held that the tax violated the European Community's sixth directive on the harmonization of the laws of the Member States on the turnover tax. Under this directive the only tax that may be levied on turnover is VAT. However, Article 33 of the directive allows a Member State to maintain or introduce taxes which are not in the nature of a turnover tax.

For the European Community Court of Justice the tax in question does not amount to a general tax, given that it applies to only a limited range of goods and services. Nor is it levied on the value added at the moment of each transaction but on the gross amount of all the receipts. As such the tax is perfectly in order and the European directive must not be viewed as standing in the way of a special tax on shows and entertainment, such as that levied by the municipality of Overijse.



**CONSUMERS: Border-free payments before the year 2000?**

The European Commission wants to encourage banks to take the necessary steps.

Nearly 35 years after the creation of the European Economic Community (EEC), payment transfers between the Member States remain something of an adventure, full of risks and, ultimately, unpleasant surprises. Hardly an agreeable situation for individuals and small businesses - and one it will be difficult to put up with in the single market. It will be totally unacceptable, in fact, in the economic and monetary union the Twelve envisage for the end of this century. The European Commission had already drawn the attention of all interested parties to this problem in a Green Paper last September; at the end of March it decided to speed up the process by asking two groups of experts to put forward practical solutions by the end of this year.

The first group, made up of representatives of commercial banks as well as the Community's central banks - Bank of England, Bank of Ireland, etc. - will have to find the technical solutions needed to make it as easy, as quick and as cheap to transfer money across Community borders as between residents of the same country. The second group will voice consumer preoccupations, and will be made up of their representatives along with the representatives of retailers and small businesses and representatives of the first group.

The Commission was satisfied with the reactions of professionals to its 1990 Green Paper. It now wants to stimulate them to take the measures needed to make cross-border payments easier. But if the Commission feels that the banks and other interested bodies are not moving fast enough in the matter, it will propose to the Twelve Community legislation, so as to free the situation.

The Commission in any case takes the view that the adoption of a single currency by the Twelve will not solve the problem by itself. The fact is that in some EC countries transfers between "resident" and "non-resident" accounts cost more, and take longer, even though they are in the same currency, than an everyday "national" transfer. This is why the Commission wants a European payments system in place in time for the introduction of a single currency - perhaps at the end of the 1990s.