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SUMMARY

- 2 EUROPEAN COMMUNITY: An ombudsman for 340 million citizens
European Parliament sends its proposals to the Twelve.
 - 3 ECONOMIC RECOVERY: European Investment Fund - operational this summer?
European Commission wants its proposals adopted quickly.
 - 4 ENVIRONMENT: The ban on CFCs will be brought forward to 1 January 1995
Political agreement among the Twelve for the complete elimination of the gases which deplete the ozone layer.
 - 5 SINGLE MARKET: Another two files are now closed
Germany makes parallel imports of medicines easier and Belgium removes obstacles to cordless telephones.
 - 6 SMOKING: Higher taxes represent an effective weapon ...
... but the way ahead is strewn with obstacles and pitfalls.
 - 8 WORKING CONDITIONS: Noise, vibrations and bright lights are in the dock
European Commission proposes a "law" to protect workers better.
- EMPLOYMENT: The hidden face of 1992
A first assessment of the European Year of Safety, Hygiene and Health Protection at Work.
- 9 ECONOMIC RECOVERY: Are SMEs in the front line?
European Commission wants to give business policy a push.

Mailed from Brussels X

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EUROPEAN COMMUNITY: An ombudsman for 340 million citizens

European Parliament sends its proposals to the Twelve.

He won't be Robin Hood; on the contrary, he will be wearing a suit and will be unarmed. But he will be able to put his finger on abuses, injustices and bureaucratic delays and help the victims defend their rights. The ombudsman has no existence as yet; but the European Community's heads of state and government made provision for him during their Maastricht summit in December 1991 and his role has been written into the Treaty of European Union, signed in February 1992 and ratified since then by all EC countries except the U.K. and Denmark. The earliest the ombudsman can start work is once the Maastricht Treaty comes into force - this summer, if all goes well. Under the Treaty, the ombudsman is appointed by the European Parliament which, with the approval of the EC Council of Ministers, fixes his working conditions. In order to speed things up the Euro-MPs sent their proposals to the Twelve in December.

Under the provisions of the Maastricht Treaty the ombudsman is an independent person who receives complaints from not only citizens but also all bodies, enterprises and associations which regard themselves as victims of maladministration on the part of EC institutions and organs. Thus all those who feel they have been wronged by an action - or inaction - of the European Commission, Council, European Parliament, European Investment Bank and the planned European agencies for the environment, medicaments and patents, will be able to turn to the ombudsman. Of course they will still have the right to take their case to the courts, if they so prefer.

The European Parliament has proposed that the ombudsman have the right of access to all documents and files of Community institutions and national authorities. In all complaints examined by him or her, the ombudsman would have to find a solution in collaboration with the EC institution or organ whose actions had been called into question, in order to give satisfaction to the victim.

One must now await the reaction of EC ministers ... and the ratification by the UK and Denmark of the Maastricht Treaty

ECONOMIC RECOVERY: European Investment Fund - operational this summer?
European Commission wants its proposals adopted quickly.

The European Commission's decision-making process can often be complicated and demanding. But solutions to economic problems cannot be put off, especially when unemployment is rising and the main indicator of economic change is at its lowest for the last 10 years, as was the case last November. Which is why the European Commission has asked the Twelve to take all practical steps to ensure that the European Investment Fund (EIF), agreed on in principle at the Edinburgh summit, can start operating from the second half of this year. This implies adoption by the Twelve of the detailed proposal the Commission submitted to them on January 12.

The new Fund will provide financial guarantees for major infrastructure projects on a Community scale in transportation, telecommunications and energy, as well as for investments by small and medium-sized enterprises, particularly in the Community's problem areas. At Edinburgh the EC's heads of state and government envisaged that the EIF will have a capital of ECU 2,000mn.* and extend guarantees of ECU 5,000mn. to ECU 10,000mn. Guarantees on this scale could support up to ECU 20,000mn. of projects.

As agreed on at Edinburgh, the capital would come from the EC's own European Investment Bank (EIB), the Community budget and commercial and public sector banks in the 12 EC countries. However, before the EIB can take part in the EIF - the Commission has put its share of the capital at 40% - it will be necessary to amend its statutes, which are annexed to the Treaty of Rome, the "European Constitution". This will require a unanimous decision of the Twelve. Similarly, before the Community as such can contribute to the EIF - the Commission has proposed 30% as its share - a unanimous decision of the EC Council of Ministers is needed.

* 1 ECU = UK£0.80 or IR£0.74

ENVIRONMENT: The ban on CFCs will be brought forward to 1 January 1995

Political agreement among the Twelve for the complete elimination of the gases which deplete the ozone layer.

The European Community's environment ministers reached a political agreement, at their December 15 meeting in Brussels, to speed up the phasing-out of certain substances which deplete the ozone layer. As a result, the deadline for the elimination of chlorofluorocarbons (CFCs) and other gases used in refrigeration systems is being brought forward by a full 12 months to 1 January 1995. Many experts regard these substances as largely responsible for the reduction of the ozone layer, which protects both the planet and people from ultraviolet rays. The same deadline is being used for carbon tetrachlorides, rather than the date of 1 January 1996, set by the parties to the Montreal Protocol at their November meeting in Copenhagen.

But a massive reduction - by 85% in fact - has already been set for the end of this year. All EC countries with one exception have already undertaken to carry it out by 1 January 1994. The exception is Greece, which obtained a derogation, because of the specific conditions of its industry; Greece will limit the reduction to 75%. Once again the Twelve have undertaken more than is required of them under the Copenhagen proposals, which aim at a 75% reduction by the same date.

Another important decision has to do with the pollution caused by light commercial vehicles. Here, too, the Twelve reached a political agreement. It requires new vehicles to reduce their pollutant exhaust emissions as from 1 October 1994 throughout the Community. The vehicles in question must not weigh more than 3.5 tonnes and transport a maximum of nine people, including the driver. They currently benefit from transitional requirements, which are less stringent than those applied to passenger cars. This new "European law" will be adopted definitively only after it has been examined by the European Parliament, but Euro-MPs are expected to do this shortly.

SINGLE MARKET: Another two files are now closed

Germany makes parallel imports of medicines easier and Belgium removes obstacles to cordless telephones.

Thanks to parallel imports, consumers can generally buy goods at lower prices. But in the case of medicines the effect, if not aim, of national laws sometimes is to make such imports more difficult, even impossible. In Germany, for example, this type of commercial transaction required a certificate testifying that the imported medicines conformed to German regulations. But a certificate to this effect was totally unnecessary, given that these same medicines had already been authorized and were on sale in Germany.

Such a requirement was also incompatible with the principle of the free movement of goods: the importer, being neither the producer nor the official distributor of the medicines in question, was seldom in a position to provide the necessary documents. The result was a dispute between the European Commission and the German authorities, who sheltered behind the need to protect public health and German consumers. Germany finally accepted the Commission's point of view and undertook to notify its customs authorities that the additional certificate was not required.

This was the end of the matter, as it was in the matter of cordless telephones in Belgium, once the Belgian authorities had adopted a ministerial order under which the use of telecommunications transmitters and receivers can be approved, without prior tests, if the equipment in question has already been approved under another brand name. This decision also applies to equipment already approved in a country which is a member of the European Conference of Postal and Telecommunications Administrations (CEPT), even under another trade name, provided that it meets the technical specifications equivalent to those set out in the Belgian regulation.

Belgium hitherto was opposed to the marketing of these telephones because they had not been authorized. But some models had been authorized for use in Belgium, although under another brand name. The European Commission took the view that a different brand name by itself did not justify a repetition of the entire approval procedure; it held such a repetition to amount to an obstacle to the free movement of goods. Here, too, the Belgian authorities having accepted the Commission's viewpoint, the matter could be regarded as closed.

To these two decisions must be added the recent decision involving pasta in Italy; together they represent so many steps in the right direction as regards the completion of the single market. The European Commission has been pleased at this cooperation between Member States and Community institutions. What is more, it has noted that some governments, and those of Germany and Italy in the above-mentioned cases, are following the approach it has advocated. They take provisional measures, by means of an interpretative circular or similar administrative measures, pending formal changes to the legal texts in question. The result is time saved, not simply in the settlement of disputes but above all in the implementation of the rules regarding the free movement of goods.

SMOKING: Higher taxes represent an effective weapon ...

... but the way ahead is strewn with obstacles and pitfalls.

The law of supply and demand states that the more expensive a given product the lower the demand for it. The law holds good for tobacco products also, despite the relative dependency inherent in their use. Experience has shown that a price increase, as a result of higher taxes, is a quick and effective way of reducing consumption, especially among the young. Thus in Canada the price of cigarettes rose by 158% in real terms, in the 12 years between 1979 and 1991; at the same time consumption by adolescents fell by two thirds, from 48% to under 18%.

An ideal solution? Not quite - but certainly a very effective way of fighting against the dangers which cigarettes represent - provided all the obstacles to a continuous and steady rise in taxes, and consequently of the cost to the smoker, can be overcome.

A special issue of the magazine published by the European Bureau for Action on Smoking Prevention (BASP) gives the current state of play in this matter, as contained in a report carried out at the request of the European Commission and published in English, French and German.

To begin with, how are price and cigarette consumption related? Computer simulations have shown that a normal rise in the incomes of EC citizens could result in a 20% increase in per capita consumption between now and the year 2000. The rate of increase would vary between 4% in Denmark and 29% in Spain. To stop this rise cigarette prices would have to rise at least as fast as incomes. A genuine anti-smoking policy requires prices to rise both steadily and faster than the rate of inflation. A substantial price increase would be particularly effective, especially among young people, who have less money to spend and are less dependent on cigarettes, as has been shown by the Canadian study already cited and studies carried out in the United States. The situation is not any different in Europe. In Spain, for example, only 28% of youngsters who receive less than 1,000 pesetas a week in pocket money smoke; but the proportion rises to 61% in the case of youngsters who receive more than 3,000 pesetas. Similarly, a certain number of adults would smoke less, or even stop altogether, if they had to keep an eye on their wallets and another on their health.

Why then do governments that are committed to the fight against smoking hesitate to make use of so simple and effective a means as higher taxes, given that they do not always show such concern for the taxpayer? Their reluctance is all the more surprising, in view of the fact that higher taxes on tobacco would be seen by the public as both legitimate and justified in the interests of public health.

The fact is that many governments fear the inflationary effects of higher taxes on tobacco, given that it is included in the list of goods and services used to calculate the consumer price index. Clearly there is only one way out: remove tobacco from the list. But so far the only EC country which has had the courage to do so is Luxembourg.

The debate on the taxation of cigarettes has been going on for 20 years now within the European Commission. The industry has strongly defended its interests each step of the way. The anti-smoking organizations simply have not been as effective.

Cigarettes clearly have lost much of their attraction - but not the tobacco multinationals.

* "Taxes on tobacco products - a health issue". BASP, 117 rue des Atrebat, B-1040 Brussels, Belgium.

WORKING CONDITIONS: Noise, vibrations and bright lights are in the dock
European Commission proposes a "law" to protect workers better.

A noisy atmosphere, floors which shake and blinding lights are all very unpleasant, even when one is subjected to them for only a few minutes. But they are little short of a nightmare if they must be borne day after day, all 12 months of the year. Not all workers who must put up with such conditions at work enjoy the same level of protection in the European Community; national laws and regulations still vary greatly in this, the first year of the single market. Hence the directive ("European law"), aimed at harmonizing them and generally improving the situation of the workers in question, which the European Commission proposed to the Twelve at the end of December.

The proposed directive would cover mechanically induced vibration, bright lights and electromagnetic phenomena. The provisions of a 1986 "European law" dealing with noise would be extended to workers in air and maritime transport, who have been excluded so far. The proposed "law" would establish binding minimum rules for the protection of the health and safety of workers, as is already provided for by a dozen EC directives, each covering a specific area and adopted in the run-up to the single market.

EMPLOYMENT: The hidden face of 1992

A first assessment of the European Year of Safety, Hygiene and Health Protection at Work.

For the 12-nation European Community 1992 clearly was marked by the completion of the single market and the debates on the Treaty of Maastricht. But from last March until March of this year it is also the European Year of Safety, Hygiene and Health Protection at Work. The Year was not just a matter of slogans and speeches, however. According to a preliminary assessment by the European Commission, made at the end of December, the ECU 7.7mn.* provided by the EC were used to help finance 336 activities to train teachers in specialized vocational training in European safety standards, of which there is a growing number.

More than half the activities were aimed at small and medium-sized enterprises, while over one-third of them were directed at young people. As for the sectors which were involved, the building trade was well in the lead, ahead of agriculture, mining and fisheries. It must be remembered that every year one worker out of 15 is the victim of an accident or work-related illness in the Community.

* 1 ECU = UK£0.80 or IR£0.74

ECONOMIC RECOVERY: Are SMEs in the front line?

The European Commission wants to give business policy a push.

Small and medium-sized enterprises (SMEs) create more jobs than large ones. The EC's political leaders have been singing this particular song for several years now. What is more, there are statistics to prove it, including a Eurostat study* published in mid-January. It would be surprising, therefore, if the European Community did not turn to SMEs, at a time when it is looking for ways to relaunch the economy. The fact is that in the wake of the Edinburgh summit the European Commission proposed to the Twelve, at the end of December, a vast, two-part action program in favour of SMEs: (1) a series of urgent actions aimed at stimulating recovery for the period 1993-1996 and (2) a set of measures representing the extension of the current program in favour of SMEs, which ends in December, into the period 1994-1997.

In order to stimulate economic recovery the Community's heads of state and government asked the European Commission, in Edinburgh, "to accelerate the actions in favour of SMEs which have proven their worth at the Community level". This would be in addition to the special measures that are envisaged (see page 3). The Commission has proposed that, rather than wait for the current SME programme to come to an end, it would be better to give a helping hand right away to bodies such as the Euro Info Centres and "marriage bureaux" for SMEs. The Commission also wants to stimulate immediately the simplification of administrative procedures and the initiatives in the field of sub-contracting.

So much for the actions to be taken as a matter of urgency. As for the measures to be taken as a follow-up to the current SME programme, they would deal, for example, with the financing of businesses, including small businesses, craft industry, trade and cooperatives.

As if to confirm the growing importance of European SMEs, even though it is hardly necessary, a study carried out by Eurostat reveals that by the end of the 1980s small enterprises - those employing 20 to 100 workers - were carving out for themselves an increasingly larger share of industry, in terms of numbers of firms, percentage of total employment and turnover. This was true of all EC countries except one - Germany.

* Statistical Office of the European Community.