



## a newssheet for journalists

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Mailed from Brussels X

CONSUMERS: A ban on unfair clauses in contracts is in the offing

All clauses which have not been mutually agreed on will be considered as unfair, when they are to the detriment of the consumer.

The European Community's industry ministers had their hands full at their last meeting, which was entirely devoted to consumer protection: unfair clauses in contracts, product labelling, time-sharing contracts, comparative advertising - the list of subjects dealt with is endless.

The Twelve began with unfair clauses. These are often in small print and allow the seller to deny all responsibility should a hitch occur - or to take customers who are either somewhat naive, or simply distracted or rushed, for a ride. All clauses which have not been mutually agreed on will be considered unfair if the result is a significant shift in the balance of rights and obligations to the detriment of the consumer.

As many as 17 clauses are targeted by the directive adopted by the Council of Ministers. And yet the list is "indicative, not exhaustive", as the directive states clearly. The seller will not be able, for example, to impose disproportionate penalties on consumers who fail to carry out their obligations. Nor will he have the power to terminate a contract at his discretion, unless the buyer has the same power. It will be illegal to modify unilaterally the terms of a contract, without a valid reason, set out in the contract itself. Nor will the seller be able to change unilaterally the specifications of the product or service to be supplied. It will be illegal for him to hold on to the down payment made by the buyer, should the latter decide not to conclude the contract or implement it, unless the contract contains a clause indemnifying the buyer in the event that it is the seller who reneges on the contract.

Clauses which allow the seller of goods or services to transfer the contract to another seller will be banned, if the transfer is likely to result in fewer guarantees for the consumer. Clauses which give sellers the possibility of suppressing, or hampering, the customer's rights to take the matter to court will also be banned. And so on. The directive finally allows consumer organizations to turn to the courts or competent administrative bodies in order to secure the elimination of such clauses from standard contracts.

The European Commissioner with responsibility for consumer policy, Mrs. Christiane Scrivener, expressed her satisfaction at the adoption of this new European law. "The Commission has been working on it for 16 years", she said. "It will do much to strengthen consumer confidence in the single market".

The directive will come into force on 1 January 1995, once its text has been finalized and it has been formally adopted by the Council. Member States obviously will be able to retain existing national legislation or to adopt such legislation, giving consumers a yet higher level of protection.

EC ministers made considerable progress also as regards product labelling, a matter of great importance if consumers are to be properly informed in the era of the single market. The Twelve adopted unanimously a resolution calling on the European Commission to see, in consultation with the Member States and interested parties, if Community standards are necessary - or whether it will be enough to improve existing systems and to secure their mutual recognition. The problem of the language to be used in labels will be taken up later.

Less progress was made as regards time sharing contracts, in view of the differences between the Twelve. A more general discussion nevertheless revealed that if there is agreement on some points, such as a ban on a down payment before the definitive contract has been signed, it is not sufficiently broad-based to produce the necessary qualified majority.

REGIONAL AND SOCIAL AID: More than 50% of Europeans would receive them

European Commission proposes ground rules for 1994-99 to the Twelve.

In order to help problem regions and social groups the EC will be able to spend more than ECU 161 bn.\* between 1993 and 1999\*\*, or some ECU 23 bn. a year, as compared to ECU 13 bn. annually between 1988 and 1992, according to a decision taken by the Community's heads of state and government in Edinburgh last December. But to whom will the money go? In order to find out, at least as regards the period from 1994 to 1999, EC ministers will have to adopt fresh European legislation, given that the existing "laws" are in force only until the end of this year. At the end of February the European Commission submitted its proposals to the Twelve. It wants to retain the broad outlines of the "laws" presently in force, even while extending the benefits of these aids to regions and categories accounting for more than 50% of the population and stressing the need to prevent unemployment.

In order to fight regional disparities more effectively, since 1989 the EC grants regional and social aids to clearly defined geographic areas and social groups only - i.e. those which are obviously disadvantaged in relation to the average for the 12-nation Community.

As a result, three kinds of regions benefit from Community assistance: (1) those which are lagging behind in economic terms, with a GDP per capita which is less than 75% of the average; (2) those which are facing a decline in traditional industries, accompanied by high levels of unemployment; and (3) fragile rural areas, threatened by a population exodus and poverty. The European Commission wants to continue to help these same kinds of regions for the period from 1994 to 1999, but with some changes.

Thus the regions "whose development is lagging behind", which receive by far the largest sums, would consist, as at present, of Greece, Ireland and Portugal as well as Northern Ireland, Corsica and France's overseas departments. The Commission has proposed extending the list to include East Germany - the five new lands and East Berlin; the Belgian province of Hainaut; Cantabrique in the north of Spain and two regions in Britain; Merseyside and the Highlands and Islands. Cantabrique, whose GDP per head has fallen to below 75% of the Community average, would therefore join the southern and western regions of Spain, already listed as lagging behind in development. The Italian Mezzogiorno continues to be regarded as a region lagging behind in development; but the Commission now wants to exclude the Abruzzi, which is to be found between the centre and the south of Italy, given that its GDP per head stands at 89% of the Community average.

In any case, the 75% criterion is not inflexible: The Commission does not plan to classify the new Dutch region of Flevoland, which has been won from the sea and can be viewed as an outer suburb of Amsterdam, as a region lagging behind, although its GDP per head does not exceed 62% of the Community average. In the same way, Merseyside and Hainaut have per-capita GDPs which are slightly above 75%; but they also have massive unemployment, and this has led the Commission to propose that they be the most generously aided. The regions lagging behind in development, which today account for less than 22% of the EC's total population, would account for nearly 26% of it, on the basis of the Commission's proposal.

The Commission is also proposing to keep the present criteria for designating declining industrial areas. They include a dependence on industry, a high rate of unemployment and falling employment. But the Commission would like to see aid given to regions which do not entirely meet these criteria but nevertheless are facing industrial decline. On the whole, this category would continue to account for some 15% of the EC's population.

Nor does the Commission envisage major changes in the case of rural areas with a fragile economy, which account for nearly 5% of the Community's population: it would simply like to do more for areas of rural exodus.

As for social aid, the Commission wants the fight against long-term unemployment to continue; but aid would no longer be limited to those who have been unemployed for more than a year. The fight against unemployment among the young would also be continued. However, the Commission now wants to provide help with continuing training also, along with retraining for workers who are either threatened by industrial modernization or are victims of it already.

Taken together, the regions and social categories that would be beneficiaries of these various forms of aid could exceed 50% of the Community's total population.

\* 1 ECU = UK£0.83 or IRE0.80

\*\* Not forgetting the Cohesion Fund for Ireland, Greece, Spain and Portugal.

MULTINATIONALS: European Parliament votes against "social dumping" ...

... and is reminded by the Commission of its own proposals on workers' rights.

Workers at the Hoover factory in Dijon, France, learned of the closure of their plant and the transfer of its activities to a plant near Glasgow ... from a Scottish daily. Euro-MPs were reminded of this scandalous event by Ken Collins, Euro-MP for ... Glasgow, during a debate on "social dumping" in the European Parliament in mid-February. In deciding on the closure of its Dijon plant Hoover, a U.S.-based multinational, planned to lay off 700 workers in France while creating 400 new jobs in Cambuslang, near Glasgow. The fact is that concessions by workers at the Hoover plant in Cambuslang have led the company to concentrate its European production there. The European Parliament described such practices as "social dumping". It roundly condemned them and asked EC ministers to adopt a draft "European law" on the information provided to workers employed by multinationals, which has been pending for several years.

Both the European Commission President, Jacques Delors, and his colleague responsible for EC competition policy, Karel Van Miert, reminded Euro-MPs of this draft proposal. It provides, for example, the creation of organs of information and consultation, such as works' councils. But MM Delors and Van Miert both made the point that this "European law" would not resolve all the problems posed by lay-offs and the transfer by multinationals of their activities from one country to another. Hoover's decision to move to Cambuslang is only one of several such decisions to delocalize production within the 12-nation Community.

What can be done to guarantee workers' rights? In a resolution which it adopted at the close of debate, the European Parliament has called for Community rules banning "social dumping", just as unfair competition is banned under the EC treaties. For MM Delors and Van Miert it is a question, above all, of whether the Twelve are ready to guarantee a minimum level of social protection throughout the Community.

AGRICULTURE AND HEALTH: The "hormone mafia" refuses to call it a day  
Euro-MPs call for legislation to be strengthened.

The "hormone mafia" is not an invention of the media and the Belgian Euro-MP, Jaak Vandemeulebroucke, is ready to testify to this. He has been fighting this particular mafia for years and has once again received threats, a development which has won him the support of all his colleagues in the European Parliament.

Euro-MPs in fact have asked the European Commission to propose additional measures in the fight against illegal - and harmful - substances used to stimulate growth in livestock. The fact is that in addition to hormones as such, a growing number of other substances, equally illegal but often linked to products prescribed by vets, are being used at the fattening stage.

Euro-MPs have not only asked the Commission to make public, as a matter of urgency, the results of its enquiry on the utilisation of all such products, but also to propose additional measures aimed at preventing their use and, above all, carry out regular inspections and visits.

The European Parliament insists on a clear distinction being made between banned substances and those whose use is authorized but which are being given to animals illegally. It also advocates the introduction of an effective system to ensure the identification of animals and carcasses at every stage of the food chain. Finally, the Euro-MPs want the elimination of all animals treated illegally, without the smallest compensation to anyone.

After criticizing the Member States, the European Parliament has asked them to strengthen controls, apply heavier penalties, fight against the marketing and use of illegal substances and cooperate more closely at the international level.

Speaking on behalf of the Commission, the new agricultural commissioner, René Steichen, told Euro-MPs that he would announce, within the next two months, new rules and make public a report on the illegal utilization of hormones.

ENERGY: 1992 saw a further decline in the EC's coal industry

Employment and production fell last year, while imports rose.

The EC's coal industry continued to decline in 1992. The number of miners dropped by 9.5% as compared to the previous year. Output fell by 4.7% while imports from third countries rose by 4.6%. As for consumption, it declined by around 3%, according to the figures published by Eurostat, the EC's statistical office, at the end of February.

The industry's problems do not date from last year. Consumption fluctuated during the 1980s, without recovering to its 1980 level. Production has fallen steadily since 1980, falling from 267mn. tonnes to 184mn. in 1992. At the same time imports from third countries have risen practically every year, rising from 98mn. tonnes in 1980 to last year's 138mn. tonnes. As a result imports, which in 1980 represented less than 30% of EC consumption, accounted for more than 43% of it in 1992.

Last year the number of miners in the Community stood at 153,300, as compared to 169,300 in 1991. More than half of them - 78,300 - were working in Germany. The U.K. still had 36,000 miners and Spain another 30,000. But elsewhere in the EC their numbers had fallen to 7,400 in France, 800 in Belgium, 500 in Portugal and 300 in Ireland.

Given that Community coal remains expensive in relation to coal produced elsewhere in the world, imports have been rising, with less and less EC coal being used in the production of electricity and coking coal. Stocks have been rising, as a result: they stood at 38mn. tonnes last year, some 8mn. tonnes more than in 1991.

Productivity, however, is rising in the EC. It rose by 5.6% last year, when output increased to 702 kg. per man-hour, with a high of 919 kg. in Britain and a low of 268 kg. in Belgium.

FINANCE: Ten East European banks decide they will ...

... keep their accounts in ECUs and use it for settlement purposes.

Ten banks from Central and East European countries, including Russia, which are members of the association of clearing banks set up in Moscow last December, have chosen to both keep their accounts, and clear them, in ECU. The decision was taken at a meeting of the association in mid-February, at the offices of the European Commission's representative in France. The association's membership currently consists of 10 commercial banks from five countries (Bulgaria, Hungary, Poland, the Czech Republic and Russia); but it is open to other banks and other countries. Its aim is to enable the commercial banks which belong to it to make payments in convertible currencies between themselves (and between their clients), with the ECU acting as a unit of account and currency for the purpose of settling accounts. The transactions are completed within 24 hours, thanks to the use of the interbank telecommunications network and the SWIFT satellite.

Since the breakup of Comecon in January 1991, trade between East European countries has collapsed, to be replaced, in the absence of hard currencies, by countertrade, conducted in the framework of bilateral agreements.

The new system is designed, to begin with, to offset the inadequacies and inconveniences inherent in such a situation. An initial, simplified version will be in operation this autumn. Once it has been tested and a sufficient number of transactions have been carried out, a more elaborate version will be introduced, making settlements possible. Its introduction will depend, however, on the speed with which banks make use of this new tool.

The new system has numerous advantages. To begin with, payments will be made within 24 hours; what is more, they will be entirely safe. Currency outflows will be limited to the sums needed to balance accounts, thus reducing exchange risks, given that all payment orders, whatever the currency, will be converted at once into ECUs, at an exchange rate fixed during the day. In addition, the use of the ECU, both as a unit of account and for the settlement of outstanding balances, will make it possible to limit the number of accounts and, by the same token, simplify the management of the system. Finally, the use of a "clearing ECU" should ensure both the effectiveness and rapidity of the system, and facilitate the use of the ECU in the countries in question.