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Mailed from Brussels X

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europa focus

ECONOMIC RECOVERY: ECU 3bn. more at Copenhagen

The Twelve want to speed up the process launched in Edinburgh in December.

Faced with rising unemployment and gloomy economic forecasts for the coming 12 months (see Eurofocus N° 23/93), the European Community's heads of state or government sought, in their own words, "to restore confidence" in Copenhagen on June 21 and 22. For the moment they have decided to speed up the measures for the economy which they had adopted during their Edinburgh summit last December. They stressed that "it is imperative to promote investments" in the short term.

In practice, the ECU 5bn.* "temporary loan mechanism" established at Edinburgh, is to be increased by an additional ECU 3bn. ECU 2bn. of this will be devoted to major infrastructure projects in transport, telecommunications and energy, while ECU 1bn. will be set aside for small and medium-sized enterprises (SMEs). The Twelve in fact are also giving SMEs an interest rate subsidy, linked to job creation, of up to 3 percentage points over five years. Finally, the Edinburgh mechanism, which originally was to operate until the end of next year, will now continue its activities after that date. The loans in question are granted by the European Investment Bank, the EC's own bank.

EC leaders also asked their finance ministers to examine a system which would allow the Twelve to carry out, earlier than foreseen, investment projects backed by the Community's regional, social and agricultural funds. Under this system, put forward by the European Commission, Member States would borrow from the Community, between now and 1995, the sums which they should have received until the end of 1999 for those of their regions and social categories which are in difficulties.

But these measures will not by themselves create and maintain employment at the levels needed to prevent massive unemployment in the Community. At Copenhagen the Twelve agreed with the diagnosis made by the Commission's president, Jacques Delors: the EC has created far fewer jobs than the United States or Japan; its competitiveness is declining; EC companies are relocating in the Third World and it is becoming difficult to reconcile the fight for jobs in Europe and aid to developing countries.

What is to be done? At Copenhagen President Delors presented his "guidelines for the economic recovery of Europe". They include: maintain progress towards a single currency; devote more funds to research; facilitate continuing education; establish new European transport and telecommunications networks; do more for the environment; improve the running of employment offices and, finally, negotiate global rules for trade, which leave out neither the environment nor social progress. The Twelve have asked the European Commission to give them in December a "medium-term strategy for growth, competitiveness and jobs".

* 1 ECU = UK£0.78 or IR£0.80

INFLATION: A further fall in May ...

... to 3.3% on an annual basis for the EC.

Prices rose only slightly in the European Community in May, they even fell in Ireland and the Netherlands. The result was a fresh decline in the annual inflation rate, which stood at 3.3%, instead of 3.4% in April, according to Eurostat, the EC's statistical office.

Inflation has fallen sharply over the 12 months to May, both in the EC as a whole - it stood at 4.7% in May of last year - and in all Member States except Greece. The sharpest falls were recorded in Ireland, the U.K. and Portugal.

Denmark no longer has the lowest inflation rate in the EC; that crown has passed to Ireland, with 0.9%. Denmark's inflation rate was 1%, that of the U.K. 1.3%. France's inflation rate stood at 2%, that of the Netherlands at 2.2% and of Belgium at 2.7%. Elsewhere the rates were above the Community average: 3.5 in Luxembourg, 4.2% in West Germany and Italy, 4.6% in Spain, 5.7% in Portugal and a substantial 16.4% in Greece.

COSMETICS: Increased protection for consumers ...

... and the animals on which cosmetics are tested.

Europeans will be better informed hereafter when buying soaps, creams, lotions and other cosmetics. A directive ("European law") adopted by the EC ministers in mid-June requires manufacturers to list all ingredients on the packaging itself. The Twelve will make a fresh inventory of the ingredients used by the cosmetics industry, and prepare a common nomenclature, so that the indications on the packaging are meaningful throughout the 12-nation Community.

To prevent European manufacturers and importers of cosmetics made in non-EC countries from using fanciful terms, the directive requires them to prepare documentary evidence as to the quality, safety and effectiveness of their products. In each EC country the competent authorities will have the task of checking this information, which will be submitted according to European criteria. Manufacturers whose products are in conformity with the directive will be able to market them throughout the EC, thus completing the single market in cosmetics.

Animals are also covered by the new "European law", although they will have to be patient It is only from 1 January 1998 that the sale of cosmetics whose ingredients have been tested on laboratory animals will be banned throughout the EC. However, the European Commission and the Twelve will be able to postpone this deadline, in the event that manufacturers have been unable to develop alternative methods of testing, which offer consumers the same guarantees.

HEALTH: Condom sizes are not covered by EC legislation ...

... but there are safety rules covering thousands of medical accessories.

Rumour had it some months ago that the Eurocrats in Brussels wanted to regulate condom sizes from Copenhagen to Naples and Glasgow to Athens. The fact is

... / ...

that condoms, along with inhalers, medical thermometers and hypodermic syringes, are simply among the thousands of medical accessories covered by the general rules of safety and public health which EC ministers adopted in mid-June. These rules are contained in a directive ("European law") which does not even list the accessories in question

The directive simply indicates the basic safety and health protection requirements, in relation to the risks presented by the various types of accessories. It will be possible to market items which meet these requirements freely throughout the 12-nation Community. The directive also sets out the procedures by means of which national authorities can check that both manufacturers and importers are in fact meeting these requirements. European standardization bodies will take the matter further where they deem it necessary.

MOTORCYCLES: A 5-year breathing space for heavier machines ...

... after which they would be restricted to 100 HP in the EC.

The motorcycle war will not take place after all. EC ministers were able to strike a compromise in mid-June between the position of the European Commission, which wanted to restrict their engines to 100 HP throughout the Community, and that of the British government and motorcycle enthusiasts.

With the U.K. abstaining, the Twelve reached agreement on a directive ("European law") limiting engine power to 100 HP. But each EC country will be able to authorize the registration of motorcycles capable of developing 125 HP. This will make it possible for the machines produced by a leading U.K. manufacturer to remain on the roads - at least in their country of origin. The European Commission will take advantage of this 5-year reprieve to evaluate, on the basis of road accident statistics, the relation between the engine size of motorcycles and the threat they represent to road safety. To be continued

ROAD TRANSPORT: Motorway tax discs will be required as from 1 January 1994

Lorries of over 12 tonnes will pay ECU 1,250 or ECU 750 in order to use the main motorways in Germany, Denmark and the Benelux countries.

The EC transport ministers have finally reached agreement on the controversial question of motorway tolls and user charges, to be levied on lorries travelling within EC countries which have toll-free motorways. The charges, which Germany has been demanding for several years now, have finally been authorized. All lorries of over 12 tonnes will have to pay them in Germany, Denmark and the three Benelux countries in order to drive on motorways or other multi-lane roads similar to motorways, and certain other roads where there are safety reasons for imposing such charges. The amount has been fixed at ECU 1,250* for lorries with four or more axles and at ECU 750 for smaller vehicles with two or three axles. It will be subject to review every two years. Each of the five EC countries in question will keep the revenues from its own hauliers, while revenues from hauliers from other EC countries, or third countries, will be shared out among the five on the basis of the length of their total motorway network and intensity of use. Germany should thus receive 73% of these revenues, Belgium 13%, the Netherlands 9%, Denmark 4% and Luxembourg 1%.

Countries which currently charge a toll, or which are on the Community's periphery, will enjoy certain advantages, including a 50% reduction on the tax on axles until 31 December 1997.

Despite these concessions, it remains to be seen how hauliers themselves will react. Civil servants in France and elsewhere are haunted by the memory of the gigantic traffic jams of last summer. There is also the fear that the tax on lorries will be followed by a tax on passenger cars; the fact is that if tax legislation regarding road transport within the EC must be adopted by the Twelve, legislation regarding passenger vehicles is a national matter. In a word, denials will not calm these fears

* 1 ECU = UK£0.78 or IR£0.80

ROAD TRANSPORT: Gradual deregulation

It will be completed on 1 July 1998, when hauliers in the EC will have the right to do business in all EC countries.

Because of a complex licensing system, in force in the European Community, lorries returning to the country in which they are registered can neither pick up another load, nor drop one off, in another EC country. As a result, some 30% of lorries to be found on EC roads are empty - wasting time, fuel and money. If to this is added the wear and tear on lorries and roadways, the traffic jams and risk of accidents, it is easy to understand the need for the deregulation of road transport and the benefits to be gained from it.

Deregulation by another name is cabotage, i.e. the right of a road haulier to operate outside the country of registration. It represents a veritable revolution in road transport and the way in which it is organized. Hence the hesitant, reticent attitude on the part of those who fear they will be on the losing side, especially in view of the differences in taxation between Member States, which continue to thwart cross-border transport, and more particularly in the event of very rapid change. Hence the appropriateness of a transitional period, with derogations and other measures, which was finally fixed at five years, following interminable negotiations between EC transport ministers. This period may appear long, but it is largely off-set by the increase of more than 50% in the number of licences for next year: 30,000 instead of 18,530. As from 1995 the increase will amount to 30% a year until 1 July 1998, when the freedom to engage in cabotage will become a reality throughout the EC. This 5-year period should allow hauliers to prepare for the new requirements and opportunities, and governments to adapt their regulations and taxation.

SOCIETY: Social exclusion is a threat to Europe

Some 50m. people live below the poverty line in the EC.

"It is unacceptable that there should be such widespread poverty at the turn of the century, when so many of us in Western Europe enjoy a high level of comfort and prosperity". This nth cry of alarm was raised this time by the European Commissioner for employment and social affairs, Pdraig Flynn. It echoed at Copenhagen during the European conference on "The Fight Against Social Exclusion: a challenge for the 1990s".

The conference brought together some 400 participants, including representatives of national, regional and local authorities as well as non-governmental organizations, trade unions and employers' organizations. "It is the most serious challenge facing the Community, which must face up to it without fail, on pain of seeing the European model itself in jeopardy, and with it the democratic way of life" added Commission President Jacques Delors, also present at Copenhagen.

This was virtually on the eve of the European summit, and the gravity of the situation was fully clear to all the participants. It gave rise to the idea of a solemn declaration against social exclusion in Europe, launched at the initiative of the European institutions. Open to all groups and organizations, it recalls basic rights, which in the last analysis are identical to human rights. The declaration would represent at the same time a veritable set of conditions for the introduction of better social justice.

"The aim of the European Community is to improve the quality of life of all its citizens - of the least well off as much as the others", Mr. Flynn concluded. "It is our duty to see to it that the Europe of the 1990s and beyond is founded on a fundamental respect for human dignity".

But is Europe in a position to meet this challenge? And to provide the necessary means?

STATISTICS: Europeans are not really footloose

Only 1.5% of them live in another EC country.

Fewer than five million EC citizens have chosen to live in another Member State. And it is not because of the arrival of the single market. The fact is that most of those who have settled abroad did so between the 1950s and 1970s, the years of large-scale movements of workers from southern Europe to the north, movements which are now over. This explains why there are 1.2m. Italians living in another EC country (mainly in Germany, France and Belgium); why some 860,000 Portuguese left their homeland, to settle mainly in France, as did 400,000 Greeks, 80% of whom settled in Germany.

The record, in percentage terms, is held by Ireland, nearly 540,000 of whose citizens have settled abroad, nearly all of them in Britain. This corresponds to 13.5% of the total population of Ireland, putting it well ahead of Portugal (8.1%), Luxembourg (4.9%) and Greece (3.8%). And while the number of Italians living in another EC country is by far the highest, it represents no more than 2% of the total population.

The least venturesome in this respect are the Germans: there are fewer than 300,000 of them living abroad - just 0.4% of the total population. French expatriates number 310,000 (0.6%) and British expatriates 420,000 (0.8%).

Leaving to one side the large-scale migrations mentioned earlier, the choice of the country of expatriation is largely influenced by geographical proximity and language. The French are drawn to Belgium - and vice versa. Luxembourgers opt generally for Belgium, Germany and France; the Dutch for Belgium. The British are particularly attracted to Spain - but also to France and Ireland. The statistics regarding Germany are not altogether valid, because the survey was conducted in January 1991, when there were British, French and other troops stationed there.

On the whole, therefore, Europeans feel at home in their own country, given that 96% of them prefer to stay put.