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SUMMARY



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200 rue de la Loi • T-120 7/56 • 1049 Brussels • Belgium • Tel.: 299.90.52 • Fax: 299.92.08

TAXATION: Buying second-hand goods is easier now

The special VAT arrangements applicable to them came into force on January 1.

Since January 1 special VAT arrangements apply to the purchase and sale as well as import and export of second-hand goods in the European Union. The introduction of the new system is the outcome of the adoption by the EU Council of Ministers last February of the 7th VAT directive. Its implementation means an end to all forms of double taxation. Hitherto the sale of second-hand goods was subject to two different systems of VAT: the tax either had to be paid on the full price, with a deduction for VAT paid earlier, or VAT was paid only on the seller's profit margin, without deduction of VAT.

Suppose Mr. Jones is resident in an EU country which applies the "margin" system. He decides to buy a second-hand car in an EU country where prices are lower but where VAT is due on the full price. Prior to January 1, Mr. Jones had to pay VAT on the full price in the country of purchase, plus VAT on the seller's profit margin when importing the car into his country of residence. Since January 1 he is no longer subject to double taxation because all the operations of purchase, sale, import and export are now subject to VAT on the profit margins of taxable professional dealers throughout the EU.

The new system also makes it easier for professional dealers, whether sellers or intermediaries, to run their business. As a general rule, VAT must be paid in the country of origin of the second-hand goods. In concrete terms this means, as far as professional dealers are concerned, the elimination of all fiscal formalities for the purchase of such goods and completely free movement throughout the EU, regardless of the status of the seller (professional or private individual), method of acquisition (on the spot or from a distance), the type of sale (by mutual agreement or at an auction) and the method of transport (by the seller, buyer or a third person).

SOCIETY: European businesses draw up a manifesto against social exclusion

Major companies want to make it easier for the jobless to integrate.

Some 17 million people unemployed, 53 million living below the poverty line, between 3 and 5 million poorly housed ... . It is with these familiar yet dramatic statistics that the "European declaration of businesses against exclusion" begins. The initiative for it came from a number of major companies based in Europe, and has been supported by the European Commission.

Some 20 companies have thus decided to contribute to the fight against social exclusion, a phenomenon which is making a "normal" life - one revolving around jobs, housing and leisure in particular - impossible for millions of Europeans.

Like the European Commission, these companies believe that exclusion will not disappear in response to economic recovery alone; in fact they take the view that they have a responsibility and a role to play, even if their primary aim is to earn profits. The declaration underlines the fact that social exclusion is not only a moral scandal but also a waste of resources and an economic scourge.

The declaration highlights five possible fields of action. The first is the promotion of labour market integration. It is necessary to make it easier for those who have never worked or have remained jobless for a long time to undergo an apprenticeship or receive vocational training. Every effort must be made to prevent them being discriminated against when companies take on workers or employees.

The declaration also recommends the avoidance of measures within companies leading to exclusion or job loss - and the adoption of off-setting measures when this proves impossible. It would be better to devote the sums set aside for unemployment compensation on training, for example.

Businesses can also help revitalize areas in economic decline, thus preventing an increase in the numbers facing exclusion. The declaration stresses that companies must take advantage of all public or other aid available for job creation purposes. Included in the declaration is a guide setting out some of the initiatives already taken; its authors want to create a "handbook of experiences", in order to provide European managers ideas they can explore themselves.

ROAD SAFETY: Accidents are due to speed above all else

The European Transport Safety Council recommends a speed limit of 30 kmph in cities.

The European Transport Safety Council (ETSC) was set up at the initiative of the European Parliament and the European Commission in August 1993 in order to look at ways of reducing the number of road accidents. A study carried out by the ETSC last year in all European Union countries concluded that speed is at the heart of the problem.

According to the ETSC, a reduction of just 1 kmph in the average speed of vehicles automatically results in a 3% reduction in the frequency with which accidents happen. A reduction in speed also leads to a reduction in the gravity of accidents: for the occupants of a vehicle involved in a collision at 80 kmph the mortality rate is 20 times higher than in the event of an accident at 30 kmph. Worse, 85% of pedestrians hit by a car doing 65 kmph will die as a result of the injuries suffered, but the mortality rate drops to 45% if the vehicle is doing 50 kmph - and is no more than 5% at 30 kmph.

In the ETSC's view a reduction of just 5 kmph in average speed would save each year more than 11,000 lives and prevent 180,000 accidents with injuries in the EU as a whole. The time lost as a result of the lower speed would be 1 minute and 20 seconds on a journey of 10 km if the initial speed was 50 kmph and barely 11 seconds of it were 130 kmph.

According to the ETSC, promoting adequate speed limits for each type of road would already bring about a reduction in the number of accidents. At present speed limits in urban areas in the various EU countries have been harmonized more often than not: the speed limit is generally set at 50 kmph and increasingly at 30 kmph in residential areas. Fifteen years of experience in several EU countries has shown that the installation of sleeping policemen and creation of no access zones, for example, can reduce the number of accidents in residential areas by 15 to 80%. The introduction of checks could reduce by another 5% the total number of accidents with injuries in residential areas, according to the ETSC.

... / ...

Generally speaking, the report recommends speed limits of 30 kmph or less in such areas. At certain places specific limits, varying according to the time of day, state of the road or density of traffic, could also be introduced.

As regards motorways and secondary roads, the authorized speed limits vary a good deal from one EU country to another: they range between 90 and 130 kmph for motorways and between 70 and 100 kmph for secondary roads. The ETSC would like to see the speed limit for motorways set at 120 kmph throughout the EU. If there are devices which make it possible to prevent speeding in residential areas, the same does not apply to motorways. To ensure that motorists abide by the speed limits on motorways, the ETSC recommends the use of radar. It is clear from the experience of several EU countries that photographic evidence of speed limits having been exceeded has a powerful dissuasive effect on motorists. Indeed, giving widespread publicity to the use of radars has resulted in a substantial reduction in the number of accidents. Another solution consists of installing governors on motorcar engines, as is already done in the case of lorries and coaches, thus making it technically impossible for them to exceed a certain speed limit. Research would have to be encouraged to develop more effective devices, which could adjust the speed of a vehicle to given situations.

Finally, it is also important to make the roads themselves safer, and secondary roads in particular. More accidents take place on these roads than on motorways, because they often have been poorly laid out. Hence the need, for example, to warn motorists more effectively of dangerous conditions and, as a general rule, reduce authorized speed limits on secondary roads.

For the road network as a whole, it should be mandatory for proposals for new roads or for improvements to existing roads to be submitted for safety checks, in order to make sure that all safety principles have been respected. The ETSC also recommends the introduction of a system of fines applicable to citizens of every EU country guilty of an infraction in another Member State, and the launch of education and information campaigns in order to alert Europeans to the dangers of exceeding speed limits.

ENERGY: A Green paper for a greener future

How to reconcile economy and ecology? The debate has begun.

Like all industrial societies the European Union requires large amounts of energy. But it is increasingly dependent on non-EU countries for its supplies. The energy it uses, particularly in industry, is often more expensive than in other parts of the world. And energy often pollutes. How, therefore, to satisfy the needs of people in general and of industry at reasonable prices, without running the risk of shortages and without damaging the environment? This is the basic question which the European Commission is asking all EU leaders in a Green paper entitled, "For a European Union energy policy" and published in mid-January.

The key problem is that the various objectives to be reached in the energy field often appear contradictory. For example, providing cheap energy does not necessarily go with environmental protection. Or again: low prices do not guarantee security of future supplies.

The European Commission, for its part, has suggested four orientations at this stage. The first is the need to reinforce the level of concerted action and cooperation between the decision makers and the operators of energy policy throughout the European Union. Secondly, national and Community energy policies should be approached in a comprehensive way, all the more so because the existence of the single market favours competition. It must be noted, however, that the energy sector remains the one sector which has been least affected by the single market.

However, the extent of the EU's responsibilities as compared to those of the Member States remains unclear: one is not quite sure of just who does what - which does not facilitate the launch of effective actions.

Finally, the energy sector presents the EU with two "ecological" challenges. One is the result of the classical forms of pollution - of air and water, for example - the other the risk of climate change linked to the emission of carbon dioxide, responsible for the greenhouse effect.

## INTERNAL MARKET: Eliminating frontiers for barristers

The European Commission proposes a new "law".

Which frontier-free Europe for barristers? In the European single market, inaugurated in 1993, they can settle in another European Union country than the one in which they obtained their professional qualifications; but they must pass a special examination or spend time on articles in order to prove their aptitude to practice law. This type of requirement is very much like a frontier in the last analysis, because barristers who obtained their diplomas locally are not subject to it.

In order to enable barristers to set themselves up directly in another EU country, and without further ado, the European Commission recently proposed to the EU Council and European Parliament a new "law". The initial objective: give European barristers the right to exercise their profession during five years in another member country with the professional qualifications they already have, whatever the EU country in which they were obtained.

At the end of three years, if the barrister has been continuously active in the host country, under the law of that land and under European law, he could accede automatically to the profession in the country in question: he would be admitted, for example, to the Bar, where one exists. Eventually he would have to pass an aptitude test, limited to the rules of procedure of the host country. In any case, at the end of five years he could practice without any special formality, on condition that he could prove he had been in continuous practice for three years.

During the 5-year transitional period the barrister could give legal consultations in the host country on the law of his country of origin and of the host country as well as on international and European law. He could represent a client in justice, eventually with a local barrister, if the host country requires it. He would have to register with the official responsible authority - Bar, order, etc.

EMPLOYMENT: 38 hours of work per week in industry in 1994

An hour less than in 1989, according to a European survey.

The length of the working week in industry, as provided for by collective agreements and various agreements between employers and trade unions, has shortened by an hour in the European Union over the last five years. It has fallen from 39 hours in 1989 to 38 hours in 1994, according to a survey carried out by the European Commission in all the countries of the European Union, except Denmark.

In five countries the average working week is shorter: it has fallen from 38 hours to 37 in Germany, from 40 hours to 39 in Spain, from 41 hours to 40 in Ireland and Luxembourg and from 44 hours to 41 in Portugal. It has remained unchanged in five other countries: Belgium (37 hours); France, Italy and the Netherlands (39 hours) and Greece (40 hours). Only in the United Kingdom has it increased, rising from 37 to 38 hours.

As for the duration of use of industrial plant, it is 69 hours per week on average in the countries studied, with a minimum of 60 hours per week in Germany and a maximum of 112 hours in Luxembourg. Between 1989 and 1994 the duration rose in most of the countries in question.

In 1994 71% of the industrial firms surveyed worked shifts - generally three per day - while 53% of their workers regularly did shift work. But the proportion doing shift work ranged from 23% in Ireland to 84% in Belgium and 89% in Italy.

Only 3% of workers in industry worked part-time in 1994, as against 6% in 1989. This figure rose to 8% in the Netherlands, 7% in Ireland but fell to 5% in Germany; elsewhere the proportion of part-time workers was equal to or even fell below the EU average.

9% of European industrial workers regularly worked Saturdays in 1994. But just 6% worked Sundays, although 11% worked nights.

UNEMPLOYMENT: Unchanged in November ...
... at 10.7% for the 12-nation European Union.

The level of unemployment in the 12-nation European Union stayed at 10.7% last November, the level reached in October and August. Even so, it has fallen slightly over a 12-month period, given that it stood at 10.8% in November 1993, according to Eurostat, the European Statistical Office. Approximately 17 million people were jobless in the European Union in November, on the basis of BIT criteria.

The level of unemployment remained the highest in Spain (22.1%). Ireland was next (17.5%), then Italy (12%) and France (11.3%). Below the EU average were the Netherlands (10.1% in October), Belgium (10%), Denmark (9.5% in October) and Britain (8.8%). Germany and Portugal (6.2%) and Luxembourg (3.5%) continued to have the lowest levels of unemployment.

INFLATION: Stable in November
The annual inflation rate remained unchanged at 3%.

For the third consecutive month the annual rate of inflation remained unchanged at 3% in November for the 12-nation European Union, according to Eurostat, the European Statistical Office. Since January 1994, when it stood at 3.4%, the rate of inflation has declined. However, in Denmark, Ireland and the United Kingdom prices have tended to rise.

The rate of inflation remained the lowest in France (1.6%), followed by Belgium and Luxembourg (2%). Denmark (2.1%), Ireland (2.4%), the Netherlands (2.5%), Britain (2.6%) and Germany (2.7%) also recorded inflation rates below the European average. Italy and Portugal recorded 4%, Spain 4.4% and Greece 10.6%.

Last November the three countries which joined the EU on January 1 all had inflation rates below the European average. It was 1.6% in Finland, 2.2% in Sweden and 2.8% in Austria.