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SUMMARY

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MONEY: Don't expect to find ECUs in your purse overnight

The conclusions of an expert group on the preparations for a single currency.

Let's suppose that it's 1 January 1999. Seven - or it could just as well be five or eight - European Union governments have decided to launch the third stage of economic and monetary union (EMU) - that is to say, to adopt the ECU as the single currency. What will happen? Banks - and perhaps other large businesses - immediately start to use the ECU in their transactions. But payments continue to be made in the various national currencies in everyday life. Then, some weeks or months later, ECU-denominated bank notes and coins begin to appear. This, in broad outline is the likely scenario for the group of experts entrusted by the European Commission with the task of studying the various practical steps in the transition to a single currency.

By adopting the Treaty of Maastricht, the then 12-nation Community envisaged a single currency, the ECU, for 1 January 1997 or 1 January 1999. Britain and Denmark secured the right not to join, if they so decided. If a majority of Member States - at least eight out of 15 - meet the economic conditions laid down by the Treaty - the famous "convergence criteria" - they will launch the last stage of EMU as from 1 January 1997. For the moment the EU's leaders do not rule out this possibility, but in general they do not regard it as the most likely outcome. The fact is that the criteria are not easy to meet after several years of economic stagnation: the requirements are a low rate of inflation, a stable currency and public finances which are in reasonably good shape. This last requirement in particular poses problems for many EU countries, even relatively prosperous ones, such as Belgium and Sweden, for example.

If at the end of 1997, according to the Treaty, the Member States have not set any date for the third and final stage of EMU, it will start on January 1999 and the EU Council will indicate just which countries can take part in it.

If EU governments should settle on 1 January 1997 for the start of the third stage of EMU, preparations for the single currency would have to be made very quickly, in the view of the experts' group. However, there would be time enough if the date chosen were to be 1 January 1999.

The group has insisted that the changeover to the single currency will have to be carefully planned in order to avoid confusing the public. The group is made up of representatives of small and medium-sized businesses, consumers and the European Commission, as well as representatives of the financial and academic communities.

On the very first day of the third stage - say 1 January 1999, the exchange rates for the currencies taking part will be fixed once and for all, under the provisions of the Maastricht Treaty. The ECU would then become the official currency of the countries in question, although the experts have stressed that it is very unlikely that it would immediately become the common currency for the general public. However, it would be best if the transitional period were to be as short as possible - six months at most - in order both to avoid extra costs, such as those arising from the need to keep two sets of books, and to reduce the risk of muddling consumers.

For the transition to a single currency to be a success, it is necessary that the ECU be as strong as the strongest EU currencies, according to the experts. Information and publicity campaigns would have to be organized, covering both the public and businesses.

In practice the experts suggest that, on a given day, fixed in advance, all banknotes and coins needed for the operation of the new system be ready, all wages be paid in ECU and prices be set in it. However, it is an open question as to whether the various national currencies would no longer be legal tender as from that date, or would continue to be used at the same time as the ECU, but for a limited period.

The experts will continue to consult all interested parties before submitting a second report in the middle of the year.

CARS: Important price disparities remain, depending on the Member States

Cars are cheaper in general in Spain and Italy. The price differentials for certain models can make a trip abroad worthwhile.

Small cars are generally cheapest in Spain, while the most competitive prices for luxury and executive cars are to be found in Italy. France and Germany are the two European Union countries where average prices for cars are the highest, according to the results of a survey, conducted by the European Commission last November. Since the previous survey, carried out in May 1994, price disparities have narrowed slightly, but they remain substantial for certain models of cars.

The survey covered 76 models of cars, including the most popular, from 23 European and Japanese manufacturers. The models were classified into seven categories: mini, small, medium-sized and large, executive, luxury, sports and family. The four models of minicars covered by the survey - the Fiat Cinquecento, Renault Twingo, Seat Marbella Fun and Nissan Micra - are all cheaper in Spain. In Italy they cost from 5% to 10% or more. Elsewhere, the price of these cars is often much higher, with peaks in Germany and France. Thus the Cinquecento costs nearly 30% more in Germany than in Spain and 26% more in France. The prices in France and Germany for the Renault Twingo are generally 22% higher than in Spain, and that of the Seat Marbella 27% higher. On average, The German price of a minicar is 27% above the Spanish price; the price differential is as much as 22% in France and 21% in Belgium and the Netherlands.

Spain and Italy have also broken all records for small cars. Of the 16 models covered by the survey, seven are cheaper in Spain (Fiat Punto, Lancia Y 10 Junior, Peugeot 106 and 205, Rover 111, Polo and Nissan Sunny) and four in Italy (Ford Fiesta, Opel Corsa, Suzuki Swift and Mazda 121). Portugal is in third place with the best prices for the Citroën AX, Renault Clio, Seat Ibiza and Mitsubishi Colt. As for the small Toyota Starlet, it is cheapest in Luxembourg. The biggest price disparity recorded is that for the Peugeot 106, which costs 33% more in Germany than in Spain and nearly 32% more in France.

Medium-sized cars also are very often much cheaper in Spain and Italy. The Citroën ZX Aura, for example, costs 30% more in France than in Italy, the Ford Escort 25% more in Germany than in Spain and the Alfa 33 24% more in Belgium and Luxembourg than in Spain. The Honda Civic is cheapest in the Netherlands (20% less than in France, 13% less than in Belgium and Luxembourg), while the Toyota Corolla is sold at a rock bottom price in the UK.

Prices for most large cars, such as the BMW 316i, Lancia Dedra, Opel Vectra, Mercedes C180, Renault Laguna, Audi 80 and Toyota Carina, are lowest in Italy. Similarly, nearly all executive cars are cheaper in Italy. When it comes to cars in this category, price differentials can justify buying a car abroad, even if the formalities to be carried out are still somewhat tiresome. For example, a Toyota Carina purchased in Italy is 31% cheaper than in Germany, the Alfa 164 is 21% cheaper than in Belgium, while the Renault Safrane is 17% cheaper in Spain than in France.

As for four-wheel drives, the lowest prices are posted in Italy. The Land Rover Discovery is worth going out of one's way, given that the price in Italy is 26% lower than in Belgium, 25% below that quoted in France, 24% below the Dutch price and 20% below the posted German price. As for the Mitsubishi Pajero Short, it costs 23% less in Italy than in Belgium and Luxembourg. And when it comes to luxury cars, the BMW 730i is cheaper in the UK, while one must go to Italy for the Mercedes 320 S automatic, and to Portugal for the Volvo 960 L.

These car price differentials, depending on the Member States, are tending to narrow, at least when it comes to European manufacturers. During the survey in the second semester of last year, price disparities greater than 20% were recorded for 19% of the models, as compared to 23.8% at the end of 1993. A draft EU regulation on the selective distribution of cars, which seeks to crack down on practices aimed at limiting parallel imports, is under consideration. If it is adopted and comes into force, as envisaged, this July, it would make for greater competition, thus leading to a further narrowing of price disparities.

SOCIETY: British men are the EU's workaholics ...

... with the longest working week by far - 45.1 hours.

The length of the average working week for all forms of employment was 40.3 hours for the European Union as a whole in 1992, confirming the steady trend towards a shorter working week recorded in most EU countries, except Britain, where it has lengthened by over an hour since 1983; Ireland, where it has increased by 12 minutes, and France, where it has remained unchanged. It is hardly surprising, therefore, that Britain remains the country with the longest working week (43.4 hours), well ahead of Portugal (41.3 hours), Spain (40.6 hours), Greece (40.5 hours) and Ireland (40.4 hours). All the other EU countries are not only below the EU average but also below the 40-hour threshold. In 1983 only three countries (Belgium, Italy and France) were below it.

Belgium remains the country with the shortest working week (38.2 hours). It is followed by Italy (38.5 hours), although Denmark has come close to Italy, its working week having shortened from 40.5 hours to 38.8 hours. In the Netherlands the working week has fallen from 41 hours to 39.4 hours.

If one looks at the figures for men only, the British male continues to lead the rest, putting in 45.1 hours a week, which is 2.3 hours more than the Portuguese, still in second place. In third place are the Irish, with 41.9 hours. The Belgians remain the most laid back, ahead of a trio made up of male Italians, Danes and Dutch, all of whom put in 39.5 hours a week.

British women are no less hard-working than their husbands, working as they do 40.2 hours a week; in fact they are alone among EU women in going over the 40-hour threshold. They are followed by Spanish women (39.6 hours), just ahead of Portuguese women (39.5 hours). Belgian (37 hours) and Danish (37.7 hours) women are more relaxed, although none of them can claim to be as easy-going as Italian women (35.6 hours).

... / ...

The working week is usually defined as the hours normally worked by an employee, including overtime, whether paid for or not. Travelling time, to and from work, is not included; nor are rest periods or meal breaks.

SOCIETY: Luxemburgers are richer than Americans and Japanese ...

... while their purchasing power is two and a half times greater than that of the Greeks.

The land flowing with milk and honey clearly is Luxembourg. Its gross domestic product (GDP), measured in terms of purchasing power (PPS), stood at 160 in 1993 as compared to an EU average of 100. Luxembourg was well ahead of the United States (143) and Japan (121).

The purchasing power standard (PPS) is a unit which cancels out differences in price levels and can be used to make comparisons in real terms. The figures obtained in this way make it possible to evaluate the standard of living in a country with greater precision and realism.

In the EU, Luxembourg is followed, although at a considerable distance, by six countries which are above the Community average: Belgium (113), Denmark (112), France (110), Germany (108) - it is paying the economic price of its reunification, although it is also benefitting from the recovery - the Netherlands and Italy (102). Of the three new EU countries only Austria ranks ahead of the majority of its EU partners, as its PPS index is 111.

All the other EU countries are below the 100 mark. Both Sweden and the UK are just below it, with an index of 99, ahead of Finland (90), Ireland (81), Spain (78) and Portugal (69). Bringing up the rear is Greece (63), with a purchasing power per inhabitant which is two and a half times less than that of Luxembourg.

SOCIAL: Working week unchanged in the retail trade

But opening hours for shops have lengthened.

Between 1989 and 1994 the average number of hours worked per week in shops in the European Union - as defined by collective agreements - has not changed at the EU level: it still stands at 39 hours, according to a survey carried out last year in the 12-nation Union - with the exception of Ireland and Luxembourg - by the European Commission, which has just published the results.

The trend is not the same everywhere, however. In several countries the average working week has lengthened; it has risen from 43 hours to 44 hours in Spain and from 38 hours to 39 hours in France and Italy. But the working week has become shorter also: it has fallen in Portugal from 44 hours to 43 hours, in the Netherlands from 40 hours to 39 hours, in Germany (West) and Britain from 39 hours to 38 hours, and in Belgium from 38 hours to 37 hours.

Opening hours have increased during the last five years in all the EU countries surveyed, with the exception of Portugal. The biggest increases have taken place in Italy and Britain. In several EU countries, the Commission has noted, the combination of a fall in working hours per employee and increases in opening hours has produced a situation which is favourable to job creation. This has been the case in Belgium, Germany, the Netherlands, Portugal and the U.K.

Over the next two years more than two-thirds of employers in the European retail trade expect their opening hours to remain unchanged, while nearly one quarter of them are thinking of increasing them slightly; this is particularly the case in Italy and the U.K. Administrative rules are the most important reason for not increasing opening hours for as many as 52% of retailers in 1994, as compared to 47% in 1989. This is the reason given by more than seven retailers out of 10 in Belgium, Germany, Greece and Italy. Lack of demand comes next for 37% of dealers, as compared to 39% in 1989. Collective agreements are in third place with 32% - and 89% in Belgium.

AGRICULTURE: Total agricultural labour input fell by 2.5% last year[1]
But this was half as much as the declines recorded in 1992 and 1993.

Total agricultural labour input fell by 2.5% in the European Union as a whole in 1994, according to the initial estimates of Eurostat, the EU's statistical office. Input declined by 5.4% in 1993 and 5.1% in 1992. In the case of two EU countries the volume of total labour input remained relatively unchanged. They are Portugal (0%) and Italy (-0.5%). The following countries recorded moderate falls of between -2% to -3.5%: Denmark, Britain, the Netherlands, Belgium, Spain, Greece and France. Finally, three countries continued to record substantial falls: Germany (-7%), Ireland (-5%) and Luxembourg (-4.5%).

Total labour input consists of family and non-family labour input. If they are viewed separately, changes in the estimated rate of decline for both family and non-family labour input at the level of the EU as a whole seem to be in line with those for the labour force as a whole. Thus family labour input fell by 2.4% in 1994, as compared to 4.7% in 1993 and 4% in 1992. At the same time the non-family labour input declined by 3% in 1994, as against falls of 7.3% in 1993 and 8.3% in 1992. However, Eurostat has noted important differences in three EU countries. In Italy and Germany the volume of non-family labour input is expected to shrink more than that of the family, while in Spain the volume of non-family labour input is expected to rise for the first time in five years, while the decline of the family labour input is expected to continue.

What can one say as regards the long-term trends in the EU's farm workforce? Eurostat has analyzed the statistical data for the period from 1973 to 1994. The total volume of farm labour input has fallen sharply, especially in Germany, where it dropped from 13.5 million annual work units (AWU) in 1973 to its present level of an estimated 7 million AWU. The fall was particularly sharp in Germany since its ratification: -10.4% a year over the period 1991-1994. In Spain and Luxembourg also the drop in total agricultural labour input was substantial over the period 1973 to 1994: -5.3% on average each year for Spain and -4.2% for Luxembourg. The average annual rate of decline was much smaller, however, in the following EU countries: the Netherlands (-1%), Britain (-1.7%), Ireland (-2%) and Greece (-2.3%).

The largest number of farmers is to be found in Italy; they accounted for 27% of the EU's total farm labour force in 1994 (1.9 million AWU)** and Spain (12% or 0.8 million AWU).
**, followed by France (15% or 1.1 million AWU

1 Because of the large number of part-time farm workers, the size of the labour force is measured in annual work units (the input of a full-time farm worker).