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Mailed from Brussels X

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FOOD: The French "baguette" and German beer ...

... are among the 10 traditional products which could remain free of additives.

If the European Union Council - that is to say, the ministers of the Fifteen - adopt a recent European Commission proposal, 10 categories of traditional food products, manufactured in five EU countries, could well continue to scoff at chemical additives.

Just what is at stake? Traditional French bread, including the famous "baguette", or stick loaf, to begin with, as well as five other French products: tinned truffles and snails and conserve of goose, duck and turkey. German beer is also on the list, along with two cheeses, the Greek "feta" and Austrian mountain cheese. The list also includes Finland's "mämmi", a dessert made from milk and flour and eaten at Easter. In a word, a mouth-watering menu, to which Spanish and Italian products might be added.

The European Commission is asking the Council that these products continue to be exempt from Community rules, which authorize the use of additives which are not harmful to health - sweeteners, colours and preservatives. At present the regulations in force in the five countries in question ban these additives, but the implementation of a European harmonization "law", adopted last year but not yet in force, would normally result in the lifting of these bans.

Which is why this "law" had envisaged the possibility of allowing the Member States to maintain the ban on additives, on condition that the products in question were genuine and that the ban was prior to 1 January 1992. The national authorities had to submit to the European Commission by 1 July 1994 a list of the traditional products which, in their view, were deserving of this special treatment.

Six countries - Britain, Ireland, Belgium, Luxembourg, the Netherlands and Portugal - declared they had no products needing protection in this way. The remaining nine countries submitted lists containing 300 products in all! The Commission has had to sift through these products, given that the lists included spirits, which are protected by a special "European law" of 1989, as well as numerous food products named after the places in which they originated as these, too, are protected, as regards both their appellation and composition, by two laws adopted in 1992. However, as the Spanish and Italian lists did not contain all the details sought by the Commission, some of their products could well be added to the 10 selected so far.

The Council will have to decide before 1 April 1996. Should it turn down the Commission's proposal, it will not be for want of trying on the part of the Commission's "bureaucrats".

INFLATION: Up slightly in March

3.3% on an annual basis, as against 3.2% in February.

Prices rose slightly in the 15-nation European Union in March, with the result that the rate of inflation moved from 3.2% in February to 3.3% in March, calculated on a 12-monthly basis. This was higher than the 3.1% recorded in March 1994. The rise was mainly due to higher prices in Italy, Spain and Portugal, according to Eurostat, the European statistical office.

Belgium and Finland now enjoy the lowest rates of inflation in the EU (1.7%). They have dethroned France (1.8%). Germany (West), Luxembourg and the Netherlands are next, with 2.3%. They are followed by Austria (2.4%), Denmark and Ireland (2.5%) and Sweden (3%). With rates above the EU average are to be found Britain (3.5%), Portugal (4.5%), Italy (4.8%), Spain (5.1%) and, finally, Greece (10.3%).

The United States continues to have an inflation rate below that of the EU (2.9%). As for Japan, it has seen prices fall by 0.3%.

ENVIRONMENT: The rest of the world is not a rubbish dump

The European Commission proposes a ban on all exports of hazardous waste destined for recycling or recovery by 1 January 1998.

Exporting our hazardous wastes to other countries is a bad solution in many ways. Their transport is a risky business, and the countries which accept our hazardous waste often do so only because of the money it brings them; they are not always in a position to deal with the waste properly. The results include increased risks for both the environment and for people - not to mention the lack of consideration for others. Under a 1993 Community regulation the export to non-EU countries of hazardous waste for final disposal is already banned. The regulation which the European Commission is now proposing seeks also to ban, by 1 January 1998 at the latest, exports of hazardous waste which are destined for recycling or recovery operations.

The implementation of this regulation would put an end to the traffic in waste involving poor countries which are prepared to become Europe's rubbish dump against payment. The regulation would also encourage European countries to install the more modern plant needed to recycle waste safely and with less pollution. In addition, the new regulation would contribute to a fall in the volume of hazardous waste which is transported. This would be an important step in the direction of environmental protection, given that cargoes of hazardous waste have been lost on the high seas during storms. Fewer shipments of waste by road would add to the safety of the population, in view of the risks involved in such shipments.

"This is an important environmental proposal, which would mean that the Community would again take an important lead role in the international cooperation to protect the environment", the European Commissioner for the environment, Ritt Bjerregaard, declared recently.

EUROPINION: "Yes" to more sharing of sovereignty among the Fifteen

The great majority of EU citizens is prepared to see their own country share more of its sovereignty with other EU countries.

While governments are often very jealous of their national prerogatives, the great majority of Europeans are ready to see their own country sharing more of its sovereignty with the other Member States in order to bring about a greater degree of European integration. Thus 35% of Europeans are entirely favourable to such moves, while 29% feel that it probably is the way ahead, according to a survey conducted by the European Commission in March. The Italians are the most favourable to a sharing of sovereignty (78%), followed by the Belgians (74%), the French (73%), and the Germans and Spaniards (64%). However, those least favourable to it are the Danes (36% of them oppose it), Finns (29%), Swedes and Luxemburgers (25%).

As for shifts in public opinion, the survey can point to few such shifts between February and March of this year. As many as 59% of Europeans continue to feel that they are not especially well informed about the European Union. A mere 17% of them have heard of the 1996 Intergovernmental Conference, which has the task of reforming the EU's institutions. Even so, the citizens of Northern Europe appear better informed than those living elsewhere. Thus 42% of Danes and 24% of Finns and Swedes have heard of the Conference.

The information society, on the other hand, is capturing people's imaginations everywhere: 38% have heard of it, an increase of five points as compared to February. This is also true of the information highway: 54% of those surveyed had heard of it, an increase of 8 points over February. The fact is that the G-7 conference on the information society, which was held in Brussels on February 25 and 26 at the initiative of the European Commission, allowed the public at large to familiarize itself with these new technologies. Perhaps not surprisingly, the biggest increase in the number of informed citizens was recorded in Belgium (63%, up 18 points) and the neighbouring countries (Netherlands: 74%/+11; Germany: 55%/+15 and Luxembourg: 53%/+14). The percentage of Europeans who think that these new technologies will have a positive impact on their working lives also rose between February and March (60%/+3).

CARS: Changes, but not a revolution after June 30

The European Commission presents a car distribution regulation.

A somewhat greater choice for consumers, a slight increase in the rights of dealers and the small and medium-sized firms which make equipment and spare parts, and slightly better guarantees that European ground rules will be respected. But the system of exclusive dealer networks remains, for another seven or ten years. This, in broad outline, is the distribution system for cars after June 30, as envisaged by the European Commission. It adopted a draft regulation - or "European law" - at the end of April, which anticipates the final regulation, timed for end June. The Commission, meanwhile, must consult the Fifteen.

The origins of the present situation go back to 1985. At that time the Commission authorized, under certain conditions and for ten years - until 30 June 1995, to be exact - the traditional distribution system, under which manufacturers give dealers the exclusive right to market their cars within a given territory. The Commission had to authorize this system by means of a special "European law".

The sale of cars through exclusive dealer networks amounts, in fact, to an arrangement between manufacturers and traders. Such arrangements are banned under the Treaty ... unless allowed by the Commission on the grounds that they improve the distribution of the products in question and also benefit consumers. This is what the Commission did in 1985, given that exclusive distribution networks in principle guarantee motorists that their vehicle will be sold, maintained and repaired by competent specialists.

In the ten years during which the famous regulation has been in force, violations of it have multiplied, as have complaints from associations of consumers, garages and manufacturers of spare parts. Several car manufacturers have needed a lot of persuading in order to respect certain provisions of the regulation, particularly

... / ...

the right of European motorists to buy their cars in any EU country, without being penalized for it, most notably when invoking the manufacturer's guarantee. Price differentials between EU countries have remained high, even allowing for the effects of currency fluctuations.

The Commission has often felt obliged to intervene, and several disputes have ended up before the European Court of Justice. On the whole the judges have ruled in favour of consumers, independent importers and manufacturers of spare parts.

Now that it is time to set the ground rules for the months and years to come, the Commission has found itself confronted with the most contradictory views. At one end of the spectrum are the consumer organizations: they want to see the regulation done away with altogether. At the other end are the car manufacturers, who would like the regulation maintained as it stands.

The Commission has chosen what is a compromise between the manufacturers, who represent the leading industry in the European Union, the numerous small and medium-sized enterprises that make spare parts, those who sell and repair cars and the consumers.

Under the terms of the draft regulation, exclusive dealer networks will remain; but each dealer will be able to offer more than one make, provided he does so from separate premises, and to advertise outside his contracted territory. At the same time the draft considers null and void certain types of clauses to be found in contracts between manufacturers and dealers. An example of this is the clause which provides for differences in the dealer's remuneration, depending on the destination of the vehicles he has sold. If manufacturers continued nevertheless to enforce such clauses, they would lose the right to have exclusive dealer networks.

AIR TRANSPORT: Towards an open skies agreement with the United States ...
... and a sharp fall in fares into the bargain.

European airlines are in a weaker position than their American competitors. A comparison of the ten leading airlines flying across the Atlantic, shows the Americans to be clearly in the lead: American Airlines, United Airlines and Delta are ahead of Lufthansa, British Airways and Air France, with fleets which are up to twice as large and personnel which is up to three times more numerous. What is more, they also carry more freight. In addition, American airlines can fly from all airports in the United States to a large number of airports in the European Union. Their European competitors, however, can only fly from a few airports - sometimes just one - located in a Member State, to a limited number of American airports. Unkindest cut of all, domestic services within the U.S. are the exclusive preserve of American airlines.

This situation has arisen because the Europeans have been unable so far to join forces when negotiating with the Americans, in order to secure reciprocal access to the two markets on equitable terms. As a result, Washington has been able to negotiate separate agreements with several EU countries, to the considerable advantage of its own airlines. By virtue of these agreements American carriers can, for example, hold up to 49% of the shares of a European company, while the latter cannot acquire more than 25% of the share capital of an American company.

In recent weeks the Americans have pulled out all the stops in order to conclude new bilateral agreements with other EU countries (Austria, Finland, Sweden, Denmark, Luxembourg and Belgium). The European Commission has responded to Washington's attempt to divide Europe even further, and ensure American supremacy on both sides of the Atlantic. It has drawn up a negotiating mandate aimed at reaching an agreement guaranteeing fair competition. Neil Kinnock, the European transport commissioner, has explained that the draft mandate seeks to create "an air space open to all financially sound and responsible companies which provide a safe service, at reasonable rates, on both sides of the Atlantic".

... / ...

The Commission is seeking to re-establish a healthy reciprocity as regards access to markets as well as competition, participation and control, and the settlement of disputes. By opening up the European air transport market to free competition, conducted under fair and equitable conditions, the new agreement would allow European companies to prosper and create new jobs, thanks to better profitability.

This is a win-win situation for European airlines. The American market accounts for 25-30% of the world market, as compared to just 10-15% in the case of the Community market. Some 30% of the total traffic of European airlines is across the North Atlantic, which accounts for just 14% of the total traffic of American companies. Passengers also stand to gain. The opening up of new routes will result in increased competition and contribute to a reduction in fares, but within a commercial context conceived to guarantee passenger safety and the protection of consumer interests. Travellers will be able to choose between an even larger number of destinations and departure times. As a result, businessmen will lose less time while passengers in general will travel in greater comfort.

The ball is now in the court of the 15 EU countries themselves. It is up to them to reach agreement on the exact terms of the negotiating mandate, and to entrust the negotiations to the European Commission. "Sovereignty involves the exercise of power, and in this case it is by acting together that the Member States have the greatest power", Neil Kinnock has pointed out.

A REMINDER - AND A WARNING!

We wish to thank all those who have taken the trouble to answer our questionnaire, which appeared in Nos. 10 and 13 of EUROFOCUS. May we ask the others to do so as quickly as possible? A continued lack of interest on your part could well mean the removal of your name from our mailing list. To avoid this, we need your answers before the end of May. Thank you for your help.